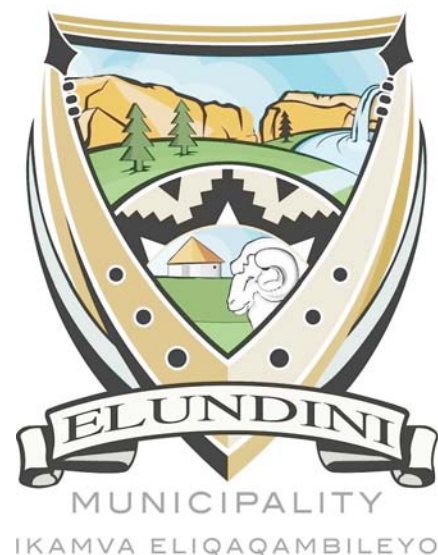


**DRAFT
INTEGRATED
DEVELOPMENT
PLAN:**

2016 – 2017



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ACKNOWLEDGEMENTS

Preparation of this review IDP 2016-2017 could not have been achieved without the assistance of a large number of stakeholders including: National Government, Provincial Government and Sector Departments, JGDM, various State Owned Enterprises, Councillors, Traditional Leaders, Ward Committees, CDWs, CPLWs, management, staff members and members of the community of Elundini. Their assistance is appreciated and their valuable contributions are acknowledged with thanks.

GLOSSARY OF TERMS

AA:	Administrative Authority
ABET:	Adult Based Education and Training
ABP:	Area Based Plans
AIDS:	Acquired Immune Deficiency Syndrome
AsgiSA:	Accelerated and Shared Growth Initiative for South Africa
BBBEE:	Broad Based Black Economic Empowerment
CBOs:	Community Based Organisations
CDWs:	Community Development Workers
CLARA:	Communal Land Rights Act No. 11 of 2004
COGTA:	Corporative Governance and Traditional Affairs
CPLW:	Community Participation Liaison Worker
CRDP:	Comprehensive Rural Development Programme
CIF:	Capital investment Framework
CMA:	Catchment Management Area
DEDEA:	Department of Economic Development & Environmental Affairs
DEA:	Department of Environmental Affairs
DFA:	Development Facilitation Act 67 of 1995
DLGTA:	Department of Local Government and Traditional Affairs
DM:	District Municipality
DRP:	Disaster Recovery Plan
DWA:	Department of Water Affairs
EC:	Eastern Cape
ECBCP:	Eastern Cape Biodiversity Conservation Plan
ECPSPD:	Eastern Cape Provincial Spatial Development Plan
ECSECC:	Eastern Cape Socio-Economic Consultative Council
ELM:	Elundini Local Municipality
EMF:	Environmental Management Framework
EXCO:	Executive Committee
FET:	Further Education & Training
GDP:	Gross Domestic Product.
GDS:	Growth and Development Summit
GGP:	Gross Geographic Product.
GIS:	Geographic Information System
HIV:	Human Infected Virus
HSP:	Housing Sector Plans
ICT:	Information and Communication Technology
IDP:	Integrated Development Plan
IGR:	Intergovernmental Relations
ISRDP:	Integrated Sustainable Rural Development Programme
ITPs:	Integrated Transport Plans
IPILRA:	Interim Protection of Informal Land Rights Act

IDC:	Industrial Development Corporation
IWMP:	Integrated Waste Management Plan
JGDM:	Joe Gqabi District Municipality
JoGEDA:	Joe Gqabi Economic Development Agency
KPA:	Key Performance Area
KPI:	Key Performance Indicator
SDF:	Spatial Development Framework
LDO:	Land Development Objective
LED:	Local Economic Development
LRAD:	Land Redistribution for Agriculture Development
LM:	Local Municipality
LUM:	Land Use Management
MEC:	Member of the Executive Council
MFMA:	Municipal Finance Management Act
MIG:	Municipal Infrastructure Grant
MSA:	Municipal Systems Act
MSI:	Mayor's Social Investment
MSIG:	Municipal Systems Improvement Grant
MSP:	Master Systems Plan
MTEF:	Medium Term Expenditure Framework
MTSF:	Medium Term Strategic Framework
MYPE:	Mid-year population estimates
NDP:	National Development Plan, Vision 2030
NEMA:	National Environmental Management Act
NGO:	National Government Organisations
NSDP:	National Spatial Development Perspective
PES:	Poverty Eradication Strategy
PGDP:	Provincial Growth Development Plan
PSDP:	Provincial Spatial Development Plan
PSDF:	Provincial Spatial Development Framework
PGDS:	Provincial Growth Development Strategies
PLAS:	Pro-active Acquisition of Land Strategy
PLTF:	Provincial Land Transport Framework
PSF:	Provincial Strategic Framework
RDA:	Rural Development Agency
RDAT:	Rural Development & Agrarian Transformation
RDP:	Reconstruction and Development Programme
RULIV:	Rural Livelihoods
SANRAL:	South African National Road Agency
SDF:	Spatial Development Framework
SEDA:	Small Enterprise Development Agency
SETA:	Sector Education Training Authority
SMME:	Small, Medium & Micro Enterprises
STEP:	Sub Tropical Ecosystem Planning Project
SAPS:	South African Police Services
TA:	Tribal Authority
VIP:	Ventilated Improved Pit Latrine
WMA:	Water Management Area
WMP:	Water Management Plan
WSA:	Water Services Authorities
WSDP:	Water Services Development Plan

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FOREWORD FROM THE MAYOR

Chapter 7 of the Constitution of the Republic of South Africa places local government at the centre of service delivery and deepening of democracy. Local government is a sphere of government closer to the people and therefore where developmental activities are happening or should happen. All municipalities are required by the Municipal Systems Act (Act 32 of 2000) to prepare integrated development plans (IDPs) and review them annually. The IDP is a single inclusive and strategic plan for the development of the municipality as a whole. The IDP processes provide for mechanisms for planning efforts of different spheres and sectors of government and other institutions to be coordinated at local government level.

This IDP review therefore links, integrates and co-ordinates plans and has taken into account proposals and inputs for the development of the municipality and will therefore form the policy framework and general basis on which our 2016/17 budget must be based. It is indeed of paramount importance to focus on the involvement of the masses at a local governmental level. As it is now a developed culture of the ELM, communities and all other key stakeholders were consulted and engaged in a meaningful way with a view to empower, educate and develop these communities.

The annual Community Outreach Programme was held in all the seventeen (17) Wards within the ELM from 08 February 2016 to 16 February 2016 and the inputs and suggestions implored from communities will form the basis for the development of this reviewed document.

We need to be steadfast in our approach and responsive to the needs of the downtrodden and underprivileged. As our municipality is rural in nature and that translates to a long list of wishes and aspirations and key to the approach is lending an ear. The road we traversed from 2012 leading to the last review of this IDP was not for the faint hearted, it required nerves of steel and a will to change people's lives for the better.

The 2012 -2017 IDP document provided guidance and a way forward in seeing to it that the demands, wishes and aspirations of that child in a village who studied under a tree, that mother who carries a bucket of water every day to raise her children, come to see the light of day. The responses we received were quiet overwhelming and affirmation that things have definitely changed for the better and gone were the days where decisions were made for inhabitants, made on their behalf. The plans outlined on the 2012 -2017 document were a signpost and a billboard for the kilometres ahead before we can reach our destination.

We come from a painful past where people took what they got, as they did not know what they ought to get. That was an injustice playing itself without any form of accountability and with impunity. The carrot and stick approach and *quid pro quo approach* need to be uprooted as a municipality, from the politicians to administrators, we are here to serve the people. This document points out that there is beacon of hope and light at the end of the tunnel. Our sphere of government, being at local level means that we need to speak directly to the masses of our people and we need multi-pronged approach that speaks to the needs of our people. With the needs identified and targets set, this then becomes our blueprint.

Of important to note is that, during the IDP development process, the municipality has also developed and approved the 5 year development strategy that identified six (6) strategic objectives that it seeks to achieve when it is phenomenally viable during the current term of Council ending in 2016. These strategic objectives are:

- ✓ **Financial stability** (current ratio is 2:1 current assets to current liabilities compared to the present 1,6:1),

- ✓ **Excellent delivery of services** – 90% of our communities have access to all basics services (i.e. water, sanitation, shelter, electricity, refuse removal, roads, community safety etc.),
- ✓ **Empowered business communities** that are able to start and sustain vibrant businesses (created 33000 jobs over 5 years between business and the ELM),
- ✓ **Cleanest towns** in the Eastern Cape (NO. 1 in cleanest towns, win the Vuna Awards),
- ✓ **Achieved 90 – 100% literacy and numeracy levels** of our community,
- ✓ **Embodiment of good corporate governance** – achieved clean audit reports, no fraud and no corruption,

In the strategy development process, the municipality has refined its vision, as follows: “A leading rural municipality that delivers a better quality of life for all citizens; a municipality that is phenomenally viable, highly successful and passionately people-centred” so that it is in line with the direction it wishes to take in the next 5 years when it is phenomenally viable.

The municipality has managed to galvanise the support and camaraderie between communities, Sector Departments and social partners within the municipality on the future development trajectory of the area. I must further state it clearly that the ELM will continue to be exemplary in the execution of its functions.

I therefore have pleasure in presenting this IDP that commits the ELM to work closer with its communities and key stakeholders and partners to achieve and sustain improvements in the quality of life of our communities.

A special thanks to all those who made significant contributions to the development of this document and the Municipality could not have achieved what it has achieved without their unwavering contributions.

Thank you

CLLR N.R. LENGIS
MAYOR
01 APRIL 2016

OVERVIEW BY THE MUNICIPAL MANAGER

In terms of the Local Government: Municipal Systems Act (Act 32 of 2000), Section 25 (1) each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which, inter alia, links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality and aligns the resources and capacity of the municipality.

This document is a 2012/17 IDP of the Elundini Municipality, which document represents the last review of the IDP of the current term Council elected in May 2011. The strategic objectives and targets contained in this document were reached subsequent to extensive systematic, structured internal and external consultation through various public participation mechanisms with the community and stakeholders within the Elundini Municipal area of jurisdiction.

Local government, as a sphere of government has its mandate well delineated in terms of the key issues that the current councils must focus on. These are outlined as follows:

- ✓ Service Delivery
- ✓ Participatory democracy
- ✓ Transformation of apartheid landscape
- ✓ Effective management in municipalities
- ✓ Maximization of revenue base
- ✓ Capacity building of municipalities for effective service delivery
- ✓ Local economic development
- ✓ Fighting crime, corruption and abuse of women and children
- ✓ Job creation, development of small, medium and micro enterprises and skills provision

The municipality, in the process of improving its ability to delivery sustainable services to its communities, had developed and approved a 5 year strategy that identified six (6) strategic objectives that it seeks to achieve when it is phenomenally viable. These strategic objectives are:

- ✓ **Financial stability** (current ratio is 2:1 current assets to current liabilities compared to the present 1,6:1),
- ✓ **Excellent delivery of services** – 90% of our communities have access to all basics services (i.e. water, sanitation, shelter, electricity, refuse removal, roads, community safety etc.),
- ✓ **Empowered business communities** that are able to start and sustain vibrant businesses (created 33000 jobs over 5 years between business and the ELM),
- ✓ **Cleanest towns** in the Eastern Cape (NO. 1 in cleanest towns, win the Vuna Awards),
- ✓ **Achieved 90 – 100% literacy and numeracy levels** of our community,
- ✓ **Embodiment of good corporate governance** – achieved clean audit reports, no fraud and no corruption,

The ELM has managed to galvanise the support and camaraderie between communities in all its seventeen (17) Wards, civil society, JGDM, Sector Departments and social partners within our area on the future development trajectory of the Municipality. The ELM will continue to be exemplary in the execution of its functions in a manner that strengthens and fast-tracks the implementation socio-economic transformation agenda in our communities and further deepen local democracy.

Thumbs up should also go to the Elundini Municipal Council for their support, to the Management and to the general workforce of the institution for their determination and commitment they showed although at times the road ahead seemed too long and bumpy, inclines too steep but we persevered. Testimony to this was an unprecedented achievement of an unqualified audit opinion by the Auditor General for the financial year

2010/2011, which has since been maintained, and the achievement of the Vuna Award for the Best Revenue Collection during 2010/2011 financial year.

Thank you

K. GASHI
MUNICIPAL MANAGER
01 APRIL 2016

1.1. BACKGROUND

Section 34 of the Local Government: Municipal Systems Act, 32 of 2000 as amended, provides for the annual review of the IDP in accordance with an assessment of its performance measurements and to the extent that changing circumstances so demands. This document is a draft 2016/17 IDP of the Elundini Local Municipality, which represents the last review of the 2012/17 IDP as adopted at the beginning of the current term of Council. The strategic objectives and targets contained in this document were reached subsequent to extensive systematic and structured internal and external consultation through various public participation mechanisms with the community and stakeholders within the Elundini Municipal area of jurisdiction.

In terms of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, Section 25 (1) each municipal Council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which, *inter alia*, links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality and aligns the resources and capacity of the municipality.

As far as the status of the IDP is concerned, Section 35 of the MSA clearly states that an Integrated Development Plan adopted by the Council of a municipality: (a) is the principal strategic planning instrument, which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality; (b) binds the municipality in the exercise of its executive authority, except to the extent of any inconsistency between a municipality's Integrated Development Plan and national or provincial legislation, in which case such legislation prevails; and (c) binds all other persons to the extent that those parts of the IDP that impose duties or affect the rights of those persons have been passed as a by-law.

Section 36 furthermore stipulates that a municipality must give effect to its integrated development plan and conduct its affairs in a manner that is consistent with its integrated development plan.

The IDP is the key instrument to achieve developmental local governance for decentralised, strategic, participatory, implementation orientated, coordinated and integrated development.

Preparing an IDP is not only a legal requirement in terms of the legislation but it is actually the instrument for realising municipalities' major developmental responsibilities to improve the quality of life of citizens". It seeks to speed-up service delivery by securing a buy-in of all relevant role-players and provides government departments and other social partners with a clear framework of the municipality's development trajectory to harness implementation efforts.

Integrated Development Planning also promotes intergovernmental co-ordination by facilitating a system of communication and co-ordination between local, provincial and national spheres of government. Local development priorities, identified in the IDP process, constitute the backbone of the local government's budgets, plans, strategies and implementation activities. Hence, the IDP forms the policy framework on which service delivery, infrastructure development, economic growth, social development, environmental sustainability and poverty alleviation rests.

The IDP therefore becomes a local expression of the government's plan of action as it informs and is informed by the strategic development plans at national and provincial spheres of government.

In terms of Section 26 of the Local Government: Municipal Systems Act, 32 of 2000 as amended, the core components of an IDP are:

- ✓ The municipal Council's vision for the long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- ✓ An assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic municipal services;
- ✓ The Council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- ✓ The Council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation;
- ✓ A spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
- ✓ The Council's operational strategies;
- ✓ Applicable disaster management plans;
- ✓ A financial plan, which must include a budget projection for at least the next three years; and
- ✓ The key performance indicators and performance targets determined in terms of the Performance Management System.

1.2. GUIDING PARAMETERS

Within the multitude of government policy frameworks, legislation, guidelines and regulations that seek to advocate for the path, pace and direction for the country's socio-economic development agenda, the section below focuses on National Development Plan Vision 2030; Popular Mandate across Spheres of Government; Government Outcomes; Medium Term Strategic Framework (MTSF); the National Spatial Development Perspective (NSDP); National Growth Path; the Joe Gqabi Growth and Development Strategy; Millennium Development Goals; State of the Nation Address (SONA); and State of the Province Address (SOPA).

1.2.1. NATIONAL DEVELOPMENT PLAN, VISION 2030

The RDP formed the basis of government's attempt to attack poverty and deprivation, and to build a united, non-racial and non-sexist South Africa. Informed by the principles of inclusivity, government translated the RDP into policies, programmes and budgets.

The Diagnostic Report of the National Planning Commission, released in June 2011, sets out South Africa's achievements and its shortcomings since 1994. The Vision Statement of the NDP is a step in the process of charting a new path for our country.

The NDP has the following objectives:

- ✓ Seeks to eliminate poverty and reduce inequality;
- ✓ Seeks a country wherein all citizens have the capabilities to grasp the ever-broadening opportunities available;
- ✓ Plans to change the life chances of millions of our people, especially the youth; life chances that remain stunted by the apartheid history

1.2.2. THE POPULAR MANDATE ACROSS SPHERES OF GOVERNMENT (2011 – 2016)

In localising the 2009 priorities of government the mandate for local government is informed by the following matters:

- Build local economies to create more employment decent work and sustainable livelihoods;
- Improve local public services and broaden access to them;
- Build more united, non-racial, integrated and safer communities;
- Promote more active community participation in local government; and
- Ensure more effective, accountable and clean local government that works together with national and provincial government.

1.2.3. PRIORITY PROGRAMMES OF THE DISTRICT

Based on a comprehensive analysis of the District and the Strategic Goals and Objectives, the District has adopted eight “Priority Programmes” to drive growth and development in the District over the next five to ten years. These priority programmes were endorsed by all the social partners at the Growth and Development Summit held in February 2007 as well as in subsequent public meetings. The Strategic IDP objectives presented in the following section are aligned to the eight priority programmes, MTAS and the 12 Outcomes of Government as well as the Millennium Development targets. The vision 2014 development goals have also been taken into account. The eight priority programmes are depicted in figure below:

AGRICULTURE	Aims to improve livelihoods of emerging and subsistence
TIMBER	Aims to create new jobs through new afforestation and timber processing
TOURISM	Aims to grow the tourism industry
WATER AND SANITATION	Aims to eradicate backlogs in line with national targets
MUNICIPAL SERVICES UPGRADING	Aims to improve municipal services to create sustainable human settlements, particularly in the seven new rural nodes
SOCIAL SAFETY NET	Aims to support the poorest, through EPWP, home gardens etc.
ACCESS AND LINKAGES	Access Aims to improve roads and access to electricity and ICT, to support Economic development
GOVERNANCE	Aims to improve Government's performance, particularly in supporting economic development and improving service delivery (coordination, health, education, etc)

1.2.4. PRIORITY PROGRAMS OF THE ELUNDINI MUNICIPALITY

AGRICULTURE	Aims to improve livelihoods of emerging and subsistence
TIMBER	Aims to create new jobs through new afforestation and timber processing
TOURISM	Aims to grow the tourism industry
ROADS AND STORMWATER	Aims to eradicate backlogs in line with national targets
RURAL ELECTRIFICATION	Aims to improve municipal services to create sustainable human settlements, particularly in the seven new rural nodes
SMALL TOWN REGENERATION	Aims to support the poorest, through EPWP, home gardens etc.
TOWNSHIP ESTABLISHMENT	Access Aims to improve roads and access to electricity and ICT, to support Economic development
GOVERNANCE	Aims to improve Government's performance, particularly in supporting economic development and improving service delivery (coordination, health, education, etc)

EXECUTIVE SUMMARY

SECTION A: INTRODUCTION

Section 23 of the Local Government: Municipal Systems Act, 32 of 2000 as amended, explains that a municipality must undertake developmentally-oriented planning so as to ensure that it strives to achieve the objects of local government as set out in Section 152 of the Constitution of the Republic of South Africa, 1996 to give effect to its developmental duties as required by Section 153 of the Constitution of the Republic of South Africa, 1996 and together with other organs of state contribute to the progressive realization of the fundamental rights contained in Sections 24, 25, 26, 27 and 29 of the Constitution of the Republic of South Africa, 1996. An IDP is a super-plan that gives a framework for development. It tries to address the needs of the people in the area, draws in stakeholders and other spheres of government and plans for infrastructure and local economic development.

The components of Elundini Integrated Development Plan are as set out in the Integrated Development Plan Format Guide developed by the Department of Provincial and Local Government of the Republic of South Africa.

SECTION B: UPDATED SITUATIONAL ANALYSIS

The municipality has in terms of the situation analysis, analyzed each Key Performing Area 's current status and challenges thereof , and further proposed strategies that will bring change to the current situation to better the services of its communities. In trying to understand the realities on the ground, the municipality has, between 08/02/2016 and 16/02/2016, undertaken the Mayoral Outreach programme in reviewing its IDP with the assistance of the Ward Councillors; Traditional Leaders; Sector Departments operating in the municipal area; NGOs and the recently appointed Community Participation Liaison Workers (CPLWs). The list of priorities emanating from the WBP review process is included in section B below.

SECTION C: VISION AND MISSION

In this section, the municipality reflects on its vision which serves as a framework or a road map to guide every aspect of the organization by describing what needs to be accomplished. It has also through its mission and values declared its purpose and the standard against which the institution will weigh its actions and decisions.

SECTION D: STRATEGIC OBJECTIVES

This describes the goals and objectives and the priorities which serves as the end towards which the municipality's efforts and actions are directed and coordinated. It contains the performance indicators set by a municipality which include general key performance indicators prescribed by National Department of Local government and traditional affairs. Clear performance targets for the next five years are also reflected. The performance information reflected in the IDP informs the budget allocation with the service delivery receiving more consideration than other areas of operation.

SECTION E: DEVELOPMENT STRATEGIES

The IDP process is guided by various policies and strategies that are developed by both the National and Provincial government. The alignment is the process by which the various organs of government develop and implement consistent strategies and programmes. This section therefore outlines the key policies and strategies considered by Elundini municipality in its intergraded development review.

SECTION F: PERFORMANCE MANAGEMENT SYSTEM

This section reflects on the functioning of the ELM's PMS.

SECTION G: OPERATIONAL BASED AND SERVICE DELIVERY PROJECTS

This section reflects on all projects planned both funded and unfunded.

SECTION H: FINANCIAL VIABILITY AND FINANCIAL PLAN

This section deals with the analysis of the financial position and financial viability of the municipality and will be attached as an annexure.

SECTION A: INTRODUCTION

1. THE ELUNDINI MUNICIPALITY IDP

1.1. PURPOSE OF THIS DOCUMENT

An Integrated Development Plan (IDP), once adopted by the Municipal Council, is a key strategic planning tool for the municipality. It is described in the Municipal Systems Act (MSA) 32 of 2000 as:

35(1) (a) "...the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality";
(b) "...binds the municipality in the exercise of its executive authority...;

Elundini Municipality has developed its IDP and Budget in accordance with the requirements as set out in the Local Government: Municipal Systems Act (MSA) 32 of 2000, the Local Government: Municipal Planning and Performance Management Regulations 2001 and the Local Government: Municipal Finance Management Act 56 of 2003.

In terms of the Local Government: Municipal Systems Act, Chapter 5, Section 25 (1) each municipal Council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which:

- a) links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- b) aligns the resources and capacity of the municipality with the implementation of the plan;
- c) forms the policy framework and general basis on which annual budgets must be based;
- d) complies with the provisions of this Chapter; and
- e) is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation

Accordingly, this document is a last review of the current Council's 5 year 2012 – 2017 Integrated Development Plan.

1.2. IDP CONTENTS

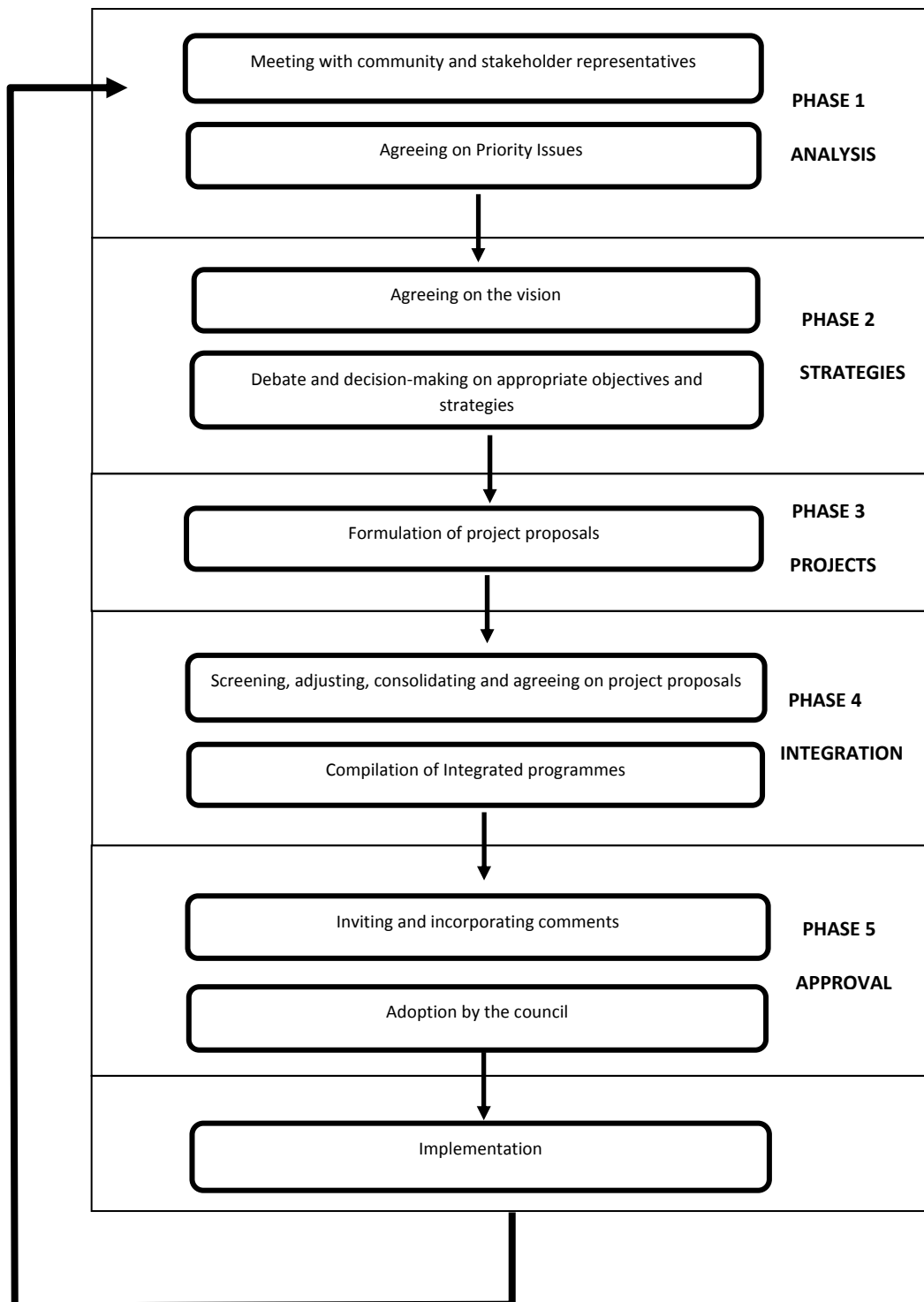
The Local Government: Municipal Structures Act 117 of 1998; Local Government: Municipal Systems Act 32 of 2000 and Local Government: Municipal Finance Management Act 56 of 2003 are specific to municipalities and are the key important legislations for the development of the IDP. Further, national sector legislations contain various kinds of requirements for municipalities to undertake their planning.

A list of National and Provincial legislation impacting on the development and review of the IDP and Budget is attached as an **Annexure**. Some important National and Provincial guiding plans and policy documents for the IDP include the National Development Plan (NDP), the Medium-term Strategic Framework, the National Spatial Development Perspective (NSDP), the Eastern Cape Provincial Spatial Development Plan (ECPSDP), the Eastern Cape Provincial Growth and Development Plan (ECPGDP), the Ukhahlamba District Growth and Development Summit (GDS) and the Elundini 5 year Strategy.

2. PROCESS FOLLOWED

2.1. PROCESS PLAN

The ELM 2016/2017 IDP and Budget Process Plan was adopted by Council on 30 September 2015 and the 2016/2017 Draft IDP and Budget was adopted by Council at its ordinary Council Meeting held at Mt Fletcher Youth Centre on 31 March 2016 with Council Resolution No. **CON/43/16**. The IDP Process as depicted in the figure below is a continuous cycle of planning, implementation and evaluation.



2.1.1. PHASES IN THE DEVELOPMENT OF THE IDP

PHASES	PERIOD	KEY EVENTS/ACTIVITIES	OUTPUT
Preparation	July 15 – Sept 15	<ul style="list-style-type: none"> Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process; Accounting officers and senior officials of the municipality begin planning for next three-year budget; Accounting officers and senior officials of the municipality review options and contracts for service delivery; Process Plan prepared; Submit Process Plan to EXCO; Submitted the Process Plan to Council for adoption on 30/09/2015 IDP process plan advertised 1st IDP & Budget Rep Forum Meeting held on 12/08/2015 	Approved Process Plan
Analysis	Oct 15 – Dec 15	<ul style="list-style-type: none"> Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials October 2015 2nd IDP & Budget Rep Forum Meeting held on 28/10/2015 Ward Committee Meetings 	Situation Analysis
Objectives, Strategies & Projects	Nov 2015 - February 2016	<ul style="list-style-type: none"> District IDP Rep Forum Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous year's performance as per audited financial statements Council finalises tariff (rates and service charges) policies for next financial year Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 29 January) 	Draft Budget
Integration	31 January 2016 – 31 March 2016	<ul style="list-style-type: none"> Strategic planning session to prioritise projects and programmes IGR session to integrate programmes and projects with other sector departments IDP Steering committee to prepare draft budget Accounting Officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous year's audited financial statements and annual report Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year Elundini strategic planning session was held from the 07 to 09 March 2019. Council to approve draft IDP & Budget in March 2016 	Strategic Framework & Draft IDP
PHASES	PERIOD	KEY EVENTS/ACTIVITIES	OUTPUT
Approval	31 March 2016 –	<ul style="list-style-type: none"> IDP Steering Committee 	Final IDP Budget PMS

	June 2016	<ul style="list-style-type: none"> • Council adopts draft IDP & Budget • Draft IDP & Budget submitted to MEC for Local Government and to Provincial Treasury • DM Rep Forum • IDP Rep Forum (draft IDP & budget) • Advertise for comments & public participation • Council interacts with public through ward meetings around draft Budget and IDP • Mayor's strategic planning session • IDP & Budget Rep Forum • Council approves final IDP & budget • Final IDP Submitted to MEC for Local Government and to Provincial Treasury • Summaries of the adopted IDP and Budget published for public information • SDBIP and draft performance agreements of Section 56 Managers submitted to Mayor and EXCO • SDBIP and draft performance agreements of section 56 Managers to be approved by Council 	& SDBIP
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3. KEY DEVELOPMENTAL CHALLENGES

The situational analysis reflected the following as the overarching development challenges in Elundini's development:

- ✓ Huge infrastructure development backlogs
- ✓ High rate of unemployment with decreasing levels of employment in key economic sector (Agriculture)
- ✓ Low levels of skills development and literacy
- ✓ Limited access to basic household and community services;
- ✓ Increased incidents of HIV/AIDS
- ✓ Increase dependency on government grant
- ✓ Loss of Natural Capital
- ✓ Unutilised suitable land for agriculture and forestry production
- ✓ Lack of value adding initiatives
- ✓ Unsustainable developmental practices
- ✓ Inadequate energy and water supply;
- ✓ Ensuring food security;
- ✓ Waste Management
- ✓ Cost recovery and revenue collection.

4. IDP ASSESSMENTS

Every effort is made by the municipality in addressing all issues raised on our IDP when IDPs are assessed. As can be noted from the table below, there has been an improvement in the assessment of our IDP over the last five (5) years in some KPAs although there been a constant rating of medium on Service Delivery KPA:

KPA	RATING 2011/12	RATING 2012/13	RATING 2013/14	RATING 2014/2015	RATING 2015/2016
Spatial Development Framework	High	High	High	High	High
Service Delivery	Medium	Medium	Medium	Medium	High
Financial Viability	High	Medium	High	High	High
Local Economic Development	High	High	High	High	High
Good Governance & Public Participation	Medium	High	High	High	High
Institutional Arrangements	High	Medium	High	High	High
Overall Rating	High	High	High	High	High

4.1. IDP ASSESSMENT RESPONSE PLAN

ISSUES RAISED	PROGRESS TO DATE	ROLE OF SECTOR DEPARTMENTS AND OTHER ORGANS OF STATE
1. Is there an approved Integrated Transport Plan?	The municipality has budgeted R 700 000 in 2015/2016 to do integrated transport plan.	No role by sector departments
2. Is there any functional Vehicle /Licensing & Testing Station/s?	The municipality has a no functional licensing testing station and has budgeted for the Vehicle Testing Station for the financial year 2015/2016 which will be constructed in Mt Fletcher.	Only municipal traffic section is actively involved. No sector department has assisted.
3. Is there any Weigh Bridge Management?	Currently the municipality does not have a weigh bridge but has budgeted for its construction in the financial year 2015/2016	Only municipality is involved. No sector department has assisted.
4. Does the municipality have an IWMP as contemplated in Section 11 of the NEMA: Waste Act 59 of 2008	The municipality has appointed a service provider to develop the waste management plan.	A private partner called Interwaste is involved. No sector department has assisted.
5. Does the Municipality have a Trade Effluent Policy?	No. It has prioritised the waste management plan for the financial year.	No sector department has assisted.
6. Are there any projects that address waste management challenges?	Yes. Waste recycling in Ugie.	Infrastructure funding support by National Department of Environmental Affairs.
7. Does the IDP make reference to its Air Quality Management Plan as contemplated in Section 15(2) of the NEMA: Air Quality Act 39 of 2004	We do not have an Air Quality Management Plan. The municipality does not have enough funds to consider it.	Even though Department of Environmental Affairs is responsible, no assistance has been received from them up to date.

ISSUES RAISED	PROGRESS TO DATE	ROLE OF SECTOR DEPARTMENTS AND OTHER ORGANS OF STATE
8. Considering all the recent debate on climate change, elaborate on how the municipality has incorporated planning in responding to the climate change response strategy	No climate change planning has been done by the municipality.	No partnerships with any organ of state.
9. Is there a functional environmental unit/ environmental official in place to implement environmental plans and programmes?	Since the environment management is the function of the district, the municipality does not have a dedicated official responsible for environmental issues but relies on officials deployed in the district municipality in our area	
10. Are there any projects that address environmental challenges (Environment sector related projects that seeks to address the challenges such as land care/water Affairs)?	Waste recycling	National Department of Environmental Affairs
11. Is there a plan to address land degradation and revitalization?	Land rehabilitation in Ward 6	National Department of Rural Development
12. Are there any environmental by-laws in place? How are they enforced?	Yes.	All relevant stakeholders.
13. Is there evidence indicating an attempt to develop environment planning tools such as SOER, EMFs, Coastal Management Plans, aquatic ecosystem, ecological infrastructure, wetlands bioregional plans and associated EMPs?	Municipality has limited funds.	No sector department has assisted in any of the plans mentioned.
14. Does the IDP reflect National and Provincial Initiatives (human resources and projects)?	Yes. E.g., the Umzimvubu Multipurpose development.	

ISSUES RAISED	PROGRESS TO DATE	ROLE OF SECTOR DEPARTMENTS AND OTHER ORGANS OF STATE
15. Has the disaster management centre conducted vulnerability and risk assessment (both natural and man-made?)	Disaster management is the function of the district and the district has a satellite office in our municipal area, however the municipality has employed the Fire & Disaster Management Officer who is responsible for fires and disasters and works closely with the JGDM, PG Bison and other relevant stakeholders in addressing issues of disaster and fires	
16. Is there a plan to address veld and forest fires, oil spillages, floods?	The municipality is part of a local fire fighting forum of Elundini municipality which prepared plans for fire management and implement intergratedly.	
17. How much water/sanitation do you provide to Indigent Households?	The district municipality provides water and sanitation.	
18. Is there a credible land audit report for the municipality, if not is there a plan conduct one	The municipality has insufficient funds to do that.	
19. Are there control mechanisms (e.g. invasion policy, By Laws etc.) in place for land invasion?	The municipality has by-laws in place that prevent land invasion	
20. Has the Municipality got an operational land information system (GIS)? If not are, are there plans to establish one. If yes what type of information has been captured?	The municipality has a functional Planet GIS in place	
21. Has the municipality indicated an on-going process in line with the SDF for identification of suitable land for human settlements development? (e.g. Land availability studies)	Yes. SDF is presently reviewed to align with SPLUMA. All future residential developments are indicated in the SDF. Areas within the urban edge of the town	

ISSUES RAISED	PROGRESS TO DATE	ROLE OF SECTOR DEPARTMENTS AND OTHER ORGANS OF STATE
22. Has the municipality indicated the nature or type of service levels (Bulk or internal) on these land parcels through CIP?	No. The areas have been identified and will be developed should the need arise. Bulk services in Maclear and Mount Fletcher are limited.	
23. Is the IDP Informal Settlements section aligned to the Migration Plan of the municipality?	The National Department of Human Settlement is presently assisting on planning of informal settlement.	The National Department of Human Settlement
24. Has the municipality identified current (blocked and defective) and planned housing projects that are ready for implementation?	Although the housing provisioning rests with the department of Human Settlement, the municipality together with the officials from the department has identified all blocked and defective housing projects and those that are ready to be implemented. The identified housing projects are located in the urban areas as well as in the prioritized areas.	Provincial Human Settlements Department
25. Has budgetary provision being made for planned housing projects?	The municipality provides the funding for planning of the human settlement after which they submit invoice and get paid	
26. What is the extent of land with an agricultural potential: ✓ Arable Land ✓ Grazing Land ✓ Forestry	Page 50, Section 5.6:7 – 5.6.8.1 of the SDF contains relevant information.	
27. What is the extent and level of utilization of the: ✓ Arable Land ✓ Grazing land ✓ Forestry	Refer to page 33 of the SDF for relevant information	

ISSUES RAISED	PROGRESS TO DATE	ROLE OF SECTOR DEPARTMENTS AND OTHER ORGANS OF STATE
28. What are the livestock numbers in terms of: ✓ Cattle ✓ Sheep ✓ Goats	Information supplied on Page 38 (Source : Local office of Department of Rural Development and Agrarian Reform).	
29. What is the current available agricultural infrastructure, its condition and functionality?	Such information could only be received from the Provincial Department of Agriculture. They have not been provided.	
30. What are the projections in terms of required agricultural infrastructure?	Such information could only be received from the Provincial Department of Agriculture. They have not been provided.	
31. What is the % of expenditure on grants usage (MIG/USDG, MSIG, etc.)?	85%	
32. What is the creditors' turnover rate?	94.1 days (Audit report for the year ended 30 June 2014)	
33. Is IDP Assessment Action Plan available?	The IDP Assessment Action Plan has been developed and will be incorporated into the 2015/2016 IDP	
34. Are there any challenges with regards to effectively implementing the public participation strategy/plan (A summary of challenges to be indicated)	No.	
35. Does the Municipality's Ward Committees contribute to the development priorities in the IDP?	The municipality's Ward Committees hold their meetings as per their schedule and the minutes/resolutions taken in their meetings are then forwarded to the Speaker for consideration and prioritization where necessary.	
36. Do the municipal social cohesion programmes contribute to nation building?	The municipality has funded programmes and projects that are aimed at specifically for women, youth, people living with HIV/AIDS and people living with disabilities	

5. SUMMARY OF GOALS AND STRATEGIC OBJECTIVES.

KEY PERFORMANCE AREA	GOAL	STRATEGIC OBJECTIVES
KPA 1 - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	To ensure provision of efficient, effective and transformed human capital and sound labour relations	To enhance organizational performance in order to achieve organizational objectives
KPA 2 - BASIC SERVICES & INFRASTRUCTURE	To ensure that all citizens of ELM have access to basic services	To ensure that all communities and households has access to basic level of electricity ,waste removal , roads & storm water and public amenities
KPA 3 - LOCAL ECONOMIC DEVELOPMENT	To promote economic development through the creation of sustainable jobs, support of local businesses and attraction of investors	To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017
KPA 4 - FINANCIAL MANAGEMENT AND VIABILITY	An organization that subscribes to the attainment of benchmark standards on profitability and financial viability set for Local Government	To improve financial management and financial viability linked to Local Government financial bench-mark standard by 2018
		To improve the efficiency of capital planning and spending
KPA 5 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To be a municipality that is responsive, efficient, transparent, accountable and compliant to legislation.	To promote good governance and clean administration

6. POWERS AND FUNCTIONS

- ✓ The Constitution indicates that the objects of local government are:
- ✓ To promote democratic and accountable government for local communities;
- ✓ To ensure the provision of services to communities in a sustainable manner;
- ✓ To promote social and economic development;
- ✓ To promote a safe and healthy environment; and
- ✓ To encourage the involvement of communities and community organizations in the matters of local government.

Within this Constitutional role, powers and functions have been defined in terms of the Local Government: Municipal Structures Act as amended.

Below is the list of powers and functions of Elundini Municipality.

FUNCTION	JGDM	ELM
SCHEDULE 4 PART B		
Air pollution	X	
Building regulations		X
Child care facilities		X
Electricity reticulation	X	X
Fire fighting	X as per regulation	X
Local tourism	X as per White Paper	X
Municipal airports		X
Municipal planning	X	X
Municipal Health Services	X	
Municipal Public Transport		X
Pontoons and Ferries		
Storm water		X
Trading regulations		X
Water (potable)	X	
Sanitation	X	
SCHEDULE 5 PART B		
Beaches and amusement facilities		
Billboards and the display of adverts in public places		X
Cemeteries, Crematoria and funeral parlours		X
Cleansing		X
Control of public nuisances		X
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		X
Fencing and fences		X
Licensing of dogs		X
Licensing and control of undertakings that sell food to the public		X
Local amenities		X
Local sport facilities		X
Markets		X
Municipal abattoirs		X
Municipal parks and recreation		X
Municipal roads		X
Noise pollution		X
Pounds		X

FUNCTION	JGDM	ELM
Public places		X
Refuse removal, refuse dumps and solid waste disposal		X
Street trading		X
Street lighting		X
Traffic and parking		X
ADDITIONAL AGENCY FUNCTIONS PERFORMED		
Licensing of vehicles		X
Primary Health Care	X	
Road maintenance	X	

7. INTERGOVERNMENTAL RELATIONS

As from 2013 the Elundini Municipality has prioritized the IGR as one of its priority areas of focus to strengthen. The ELM has then established an IGR structure that incorporates all IGR activities in the municipality and that will also ensure that the structure is used as a reporting structure for all government activities.

7.1. MUNIMEC

The MUNIMEC has been established in terms of the provisions of the Intergovernmental Relations Act as a consultative forum between the Eastern Cape Provincial Government and the 45 municipalities in the Eastern Cape Province. To give credence to output 7 of delivery outcome 9, the provincial department of Local Government and Traditional Affairs is responsible for coordinating the activities of MUNIMEC. The MUNIMEC is attended by Mayors and Municipal Managers of municipalities. The department has also constituted a technical MUNIMEC which is a forum between the departmental management as led by the Superintendent General and the Municipal Managers from municipalities. At the technical MUNIMEC and the MUNIMEC, reports from the 6 district municipalities and the Nelson Mandela Metro, inter alia, whose main focus is progress with the implementation of the municipal turnaround strategies within the DMs and their constituent local municipalities as well as the Metro are presented and discussed.

7.2. DISTRICT MAYORS FORUM: DIMAFO

The District Mayors Forum of Joe Gqabi sits quarterly to align key programmes and issues between municipalities. DIMAFU is a Section 79 Committee. This is a special committee of council made up of Councillors (in this case the Mayors of the local municipalities and the Executive Mayor) that deals with issues within the Municipal Managers office (communications, IGR, Special Programmes dealing with Women, Youth, Disabled, People living with Aids, Elderly and Children) as well as internal audit functions. Key elements that form part of the performance of the municipal manager also form part such as statutory compliance issues.

7.3. SALGA WORKING GROUPS

In order to share best practices in local government, SALGA has established a cluster of working groups. These working groups are replicated at a provincial level, and their structuring sometimes transcends the municipality's departmental divide.

It has been reported that the working groups are not functioning optimally, predominantly due to the inadequate participation of municipalities, either through not attending or sending inappropriate

representatives. The Elundini Municipality has not been strong in its participation in the working groups, as it is only the Finance, IGR and Human Resources and Governance and working groups in which a reasonable level of representation has been achieved. Working group for Economic Development and Infrastructure were encouraged to participate as well.

7.4. TRADITIONAL LEADERSHIP – PARTNERSHIPS

In terms of the guidelines issued by the MEC for Local Government and Traditional Affairs in 2011, seven Traditional Leaders identified by the MEC are serving in the Municipal Council and its Committees with effect from 18 November 2011.

Due to the rural nature of the Elundini Municipality, the participation of and cooperation with Traditional Leaders is critical for the success of the municipality's development programs. To this end the municipality has categorized Traditional Leaders as a key stakeholder that the Mayor converses with on a regular basis under the guise of Mayor's Conversations with stakeholders.

In recognition of the valuable contribution of Traditional Leadership authorities in the programmes of Elundini Municipality, the Council has adopted guidelines in terms of which assistance is being provided to Traditional Leaders on certain defined occasions.

7.5. PUBLIC PARTICIPATION

One of the main features about integrated development planning and budget process is the involvement of community and stakeholder organizations in the process. This ensures that the IDP addresses the real issues that are experienced by the citizens. The Constitution stipulates that one of the objectives of municipalities is "to encourage the involvement of communities and community organizations in the matters of local government". The White Paper on Local Government also put emphasis on public participation. Through the Municipal Systems Act participation in the decision making processes of the municipality is determined to be a right of communities, residents and ratepayers. Integrated development planning is emphasized as a special field of public participation.

The ELM has adopted a Public Participation Strategy and has a functional Public Participation Unit which is located in the office of the Municipal Manager and is used as a coordinating point for all public participation activities of the municipality. There have been a number of public engagements held between the municipality and its strategic stakeholder as from the beginning of the financial year.

7.5.1. PUBLIC PARTICIPATION MECHANISMS

The following are some of the public participation mechanisms that the ELM uses in engaging with its communities:

- ✓ IDP Representative Forum;
- ✓ Mayor's conversations with different stakeholders;
- ✓ Speakers Forum
- ✓ Ward based planning;
- ✓ Ward community meetings convened by Councillors;
- ✓ Published annual reports on municipal progress;
- ✓ Ward Committee meetings;
- ✓ Village meetings
- ✓ Newspaper advertisements and notices;
- ✓ Making the IDP document available to all members of the public;
- ✓ Outreaches by Elundini Municipality to communities and Stakeholders;

- ✓ Use of loud hailers to invite communities to meetings;
- ✓ Information dissemination through the Blue Snow/Lehloa Le Bolou newsletter;
- ✓ Sector specific fora, namely, LED Forums, Local Communicators Forums

Challenges prevalent in public participation include the following, inter alia,

- ✓ Geographic spread of the area implies that the Municipality cannot reach each and every person;
- ✓ Poor roads infrastructure impedes people's mobility;
- ✓ Poor communications infrastructure makes it difficult to disseminate information;
- ✓ Lack of structured or organized civil society;
- ✓ Minimal participation by certain interest groups, e.g. youth, people with disability, etc.
- ✓ Limited or inadequate access to public facilities for people with disabilities

Challenges in implementing Public Participation strategy.

- ✓ Limited financial resources
- ✓ Access to community facilities;
- ✓ Political interference by political parties or individuals who are aggrieved because of losing election battle.
- ✓ Topography and climatic conditions
- ✓ Centralised economic activities
- ✓ High rate of crime

7.5.2. COMMUNICATIONS

The Elundini Municipality has developed and adopted its Communications Strategy which bridges the communication gap between the municipality and its constituents. The strategy consists of three pillars viz. print, face to face and information technology based communications. As a means of interacting and providing information to its communities, the municipality quarterly distributes its newsletter, Blue Snow, to its communities where communities are kept informed by the developments in their areas.

The municipality constantly revamps its website, primarily to respond to legislative imperatives but also, developmentally, to provide meaningful feedback to communities.

7.5.3. COMMUNITY PARTICIPATION AND COMMUNITY ISSUES

Community Based Planning (CBP) is a tool that is used to enhance participation of communities in local developmental processes. It was introduced to encourage ownership by communities in any development initiative.

Ward committees contribute tremendously in the development of ward priorities because their meetings are the first level where ward development issues are deliberated. They also play a meaningful role in mobilizing communities to all IDP related gatherings including outreach meetings wherein priorities are recorded in the IDP.

The table below depicts a consolidated list of needs raised by communities during the Mayoral Outreach programme held from the 08/02/2016 and 16/02/2016:

WARD	LIST OF PRIORITIES
1	Access Road to Montgomery Farm School; Water; Electricity; Community Hall; Animal feed; Water tanks for HCBCs; Seeds; toilets; clinic; fencing of mieliefields.
2	Clinic; employment opportunities; rate of crime too high; pedestrian bridge to schools; employment of SMMEs; Maintenance of streets/roads; cleaning of colberts; paving; drainage system; Business centre; access road construction; speed humps near clinic and crèches; RDP houses
3	Access roads are in a very bad condition; bursaries for youth; clarity on issues of title deeds, indigent policy, building of cooperatives, learnerships, sportsgrounds, number of permanently employed people, short-term plan for water sanitation challenges; home affairs mobile truck; pedestrian crossing bridge; employment criteria, RDP houses; streets paving, speed humps; high mast street lights;
4	Bridge; Access Roads; Pensio Pay hall; Electricity; Grading of sportsfield; Network poles; Water; Mobile clinic; RDP houses; Community Hall, Scholar Transport
5	Toilets; electricity; Construction of access roads; complaint about water tanks; meetings not sitting; corrupt appointments in project must be investigated; blading and regravelling as temporal measures to improve condition of roads; timeframe for installation of electricity infills and construction of toilets infills; bridge; Skill centre and multi purpose centre; playgrounds for youth; community hall; Scholar Transport; development and projects
6	Water; construction of access roads; skills centre; police station; bridge, pre-school; water taps; blading of playing grounds; Rough coat of gravel in Gabhele;
7	Electricity; water; Access roads; bridge, Community Hall, RDP Houses; Pedestrian bridge
8	Electricity; access roads; clean drinking water; supply of gravel; scholar transport; road maintenance; pension pay hall; RDP houses in the yards; Colbert; Bridge; Drainage System; Youth development projects; youth programmes; support in various sports programmes; water tanks; shearing shed, speed humps, pedestrian bridge; grading of sportsfield
9	Electricity; Upgrading of access road; sucking of toilets; high mast lights; community hall; fencing of graveyard; testing centre; employment opportunities; speed humps; pedestrian crossing bridge; projects always not completed, RDP houses; all streets must be tarred; additional communal taps; awareness campaigns on electricity dangers; enforcement of by-laws
10	Access road, monitoring of projects; water tanks supplied by government are leaking; bridge, water, electricity; protection of spring water, infills still without electricity; food parcels
11	Protection of spring water; pedestrian crossing bridge; construction of road; RDP Houses; water; electricity; community hall; electrification of infills; access road; electrification of schools and police station
12	Scholar transport; water; RDP houses; access road; high school; rebuilding of collapsed bridge;
13	Home affairs visitation; water; access roads; installation of larger water reserves; drinking pods for animals; Sport activities; chairs of the community hall, electricity; maintenance of roads;
14	Water; electricity; protection of spring water; bridge; toilets; access road; pedestrian crossing bridge
15	Water; rubbish beans; pre-school; community hall; high mast lights; toilets; access road; electricity; proper installation of colberts; mobile clinic; community hall; maintenance of access roads; sportfield; old age home; bridge and v-drain; RDP Houses; food provision for pre-school
16	Water; electricity; bridge; community hall; access roads; clinic; RDP Houses;
17	Water; high mast lights; clarity on MSI bursary; employment strategies; road / street maintenance; blading of streets; title deeds; playing grounds; supply of water taps to infills

7.5.4 COMMUNITY INVOLVEMENT TO SOCIAL COHESION PROGRAMS

- The ELM has a Mayor's Social Investment programme which also contributes to the nation building has three pillars as follows :-
 - ❖ Bursary – helps students from destitute families by paying for tuition and accommodation.
 - ❖ Adopt-a-school – is aimed at assisting schools with immediate requirements while the Department of Education is still planning for the improvement of the school.
 - ❖ Bridge of hope – is directed to help needy families.
- The municipality has also employed One Hundred and Seventy-six (176) youth as Community Participation Liaison Workers (CPLWs) from each village of the municipality. The CPLWs are an attempt to close the social gap between the councillor and the communities. CPLWs visit household by household in their duty of information dissemination.
- The Mayoral cup is an annual sporting event that is aimed at uniting young people in the area. The programme is contributing to the development of youth in different sporting codes. The elimination process starts from ward level and this helps in building cohesion amongst the communities as winners progress to represent clusters and regions of the municipal area during the roll out of the programme.

SECTION B: UPDATED SITUATIONAL ANALYSIS

2.1. ELUNDINI MUNICIPALITY PROFILE

The Elundini Municipal area is located within the Joe Gqabi District, in the north eastern portion of the Province of the Eastern Cape. The municipality is bounded by Lesotho and Senqu Municipality in the West, Chris Hani District Municipality in the South, O.R. Tambo District Municipality in the East and Alfred Nzo District Municipality in the North (refer to map below).

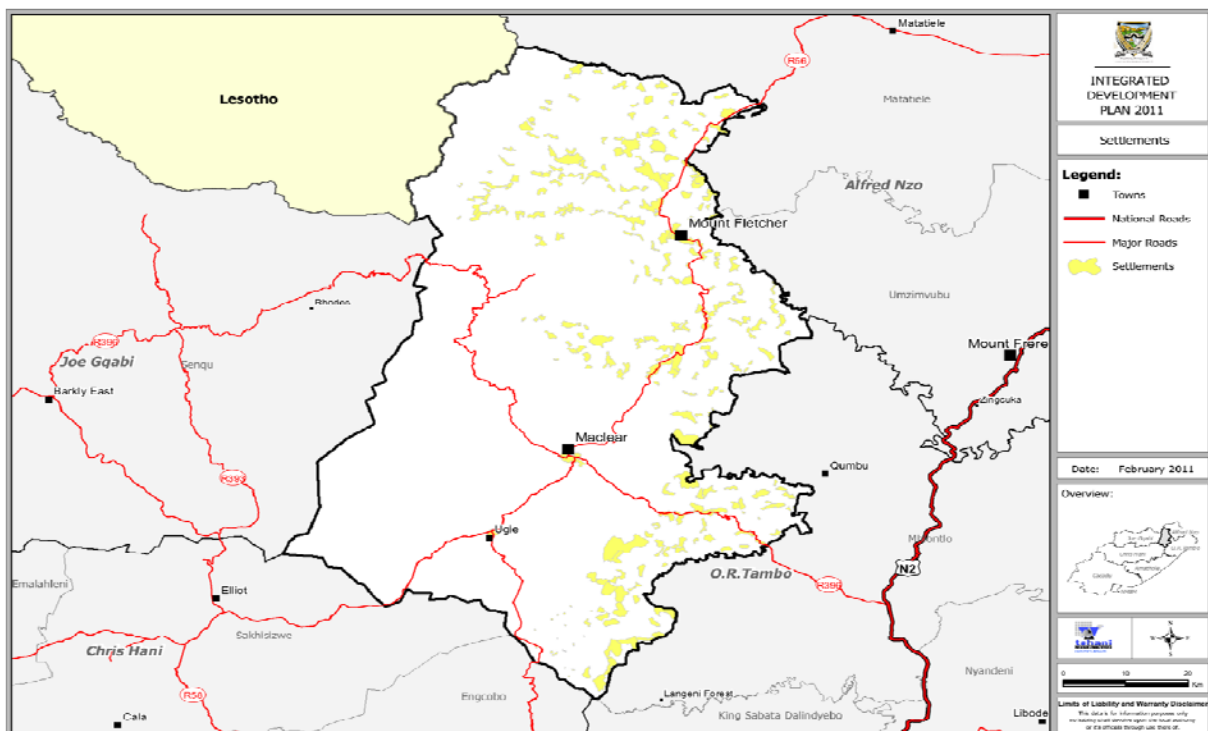
The local municipalities which border Elundini LM are: Matatiele and Umzimvubu to the northeast, Ntabankulu to the east, Mhlontlo to the southeast, Sakhisizwe to the southwest and Senqu to west. Elundini's location in the District Municipality means that the towns in Elundini LM are closer to external regional centers such as Mthatha and Matatiele than those in the District (i.e. Aliwal North).

Elundini LM cannot be viewed in an isolated context as it has relationships and links to external nodes that must be considered.

The municipality covers an area of 5,064 km² and has 17 wards and according to the recent Census released by Census 2011 the ELM has an estimated population of 138 141 people.

The ELM is one of the most scenic and attractive area of the Province, with considerable potential lying in its deep, fertile soils and high rainfall. Compared to the other municipalities in the Joe Gqabi District, Elundini has prospects of significant growth and upliftment in the quality of life for its residents, due to its relative abundance of natural resources.

MAP SHOWING LOCALITY AND SETTLEMENT DISTRIBUTION



2.2. ELUNDINI MUNICIPALITY DEMOGRAPHIC PROFILE

Although the population of the District has slightly increased from 341 750 in 2001 to 349 768 in 2011 representing a 2.3% growth, the total population for ELM has seen an insignificant growth of 0.5% between 2001 and 2011 as compared to the 3.7% increase between 1996 and 2001.

The table below depicts the population changes as from 1996 in the whole district:

Municipality	2001	2011	% growth		Number of households		
			1996 - 2001	2001 - 2011	2001	2011	% Change
JGDM	341 750	349 768	8.2	2.3	84 835	97 775	15
Elundini	137 394	138 141	3.7	0.5	33 209	37 854	14
Senqu	135 734	134 150	6.7	-1.2	33 904	38 046	12
Maletswai	37 307	43 800	29.2	16.0	9 488	12 105	28
Gariep	31 314	33 677	11.2	7.3	8 234	9 770	19

Source: Census 2001 and Census 2011

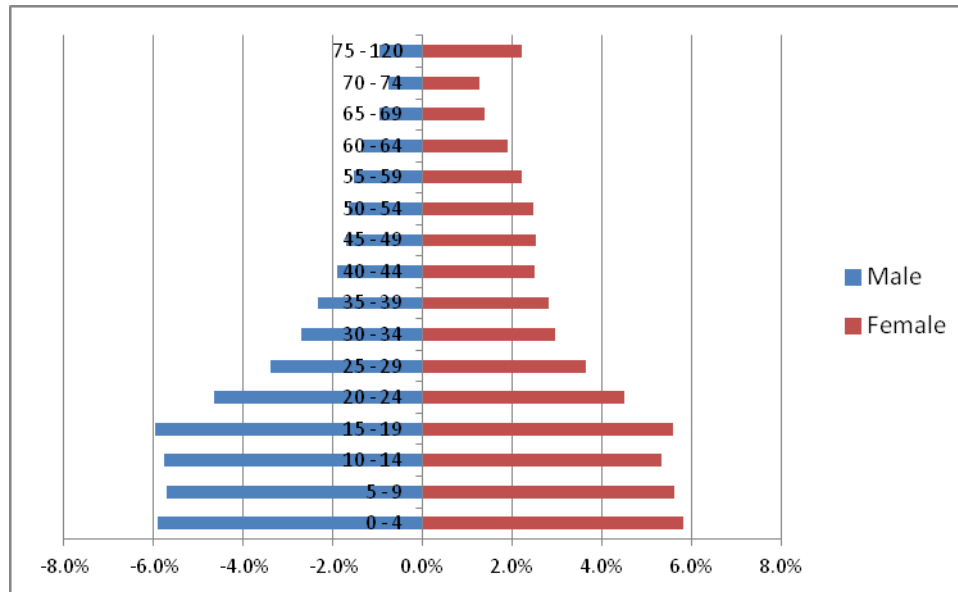
2.3. DISTRIBUTION OF TOTAL POPULATION BY AGE AND GENDER

It is evident, as shown in table below, that the greatest numbers of people are found within the 15 – 64 years range. This is a category of people that is of the working age. The age group below 15 years follows at a range of 34 and 39 % in 2011 and 2001 respectively. The age group from 65 years and above is the lowest in the District. This trend is uniform throughout the local municipalities.

Municipality	<15 yrs		15-64 yrs		65+ yrs		Males per 100 Females	
	2001	2011	2001	2011	2001	2011	2001	2011
JGDM	38.7	34.1	54.0	58.4	7.3	7.5	87.2	89.8
Elundini	42.0	35.4	50.3	56.4	7.7	8.3	84.9	90.1
Senqu	38.0	34.0	54.5	58.3	7.5	7.7	88.5	88.0
Maletswai	33.0	32.4	60.9	62.1	6.0	5.5	88.4	89.9
Gariep	33.6	31.7	59.7	61.8	6.7	6.5	90.7	95.2

Source: Census 2011

A graphical illustration that shows the distribution of various age groups in the ELM is depicted by figure below. This pyramid provides a clear depiction of age and sex distribution of the ELM population. In terms of the stages of demographic transition model, the ELM pyramid appears to be at the third stage, which shows stationary growth and mortality particularly in the 25 to 75+ years cohorts. It is clear how many people of each age range and sex are found within the municipality. Moreover, the pyramid shows that the population is generally older on average indicating a generally longer life expectancy, low death rates and low birth rates.



From the table below, the female population makes 52.95% of the total population and males constitute 47.04% of the total population:

EC141: Elundini	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 - 4	8 907	8 900	17 807	7 577	7 364	14 941	8 188	7 949	16 137
5 - 9	11 047	10 798	21 845	10 130	9 926	20 057	8 164	7 829	15 993
10 - 14	11 229	11 168	22 398	11 391	11 337	22 727	8 860	7 866	16 726
15 - 19	8 251	8 901	17 152	9 763	9 274	19 037	9 013	8 166	17 180
20 - 24	4 331	5 431	9 763	4 688	4 975	9 663	6 441	5 746	12 187
25 - 29	2 352	3 676	6 028	2 721	3 791	6 512	4 397	4 302	8 699
30 - 34	1 938	3 739	5 677	2 213	3 364	5 577	3 189	3 453	6 641
35 - 39	1 933	3 458	5 391	2 060	3 543	5 603	2 743	3 512	6 256
40 - 44	1 665	2 839	4 504	2 129	3 606	5 736	2 210	3 387	5 597
45 - 49	1 435	2 468	3 904	1 955	3 022	4 977	2 074	3 508	5 582
50 - 54	1 278	2 141	3 419	1 730	2 594	4 324	2 120	3 587	5 707
55 - 59	1 325	2 035	3 361	1 486	2 167	3 653	2 095	3 189	5 285
60 - 64	1 334	2 873	4 206	1 475	2 560	4 034	1 938	2 804	4 742
65 - 69	1 227	2 222	3 449	1 559	2 579	4 137	1 382	2 032	3 414
70 - 74	814	1 231	2 046	1 019	1 905	2 924	1 156	1 911	3 067
75 - 79	730	1 191	1 921	565	963	1 528	765	1 666	2 431
80 - 84	241	505	747	439	930	1 369	453	1 044	1 497
85+	184	333	517	191	403	594	294	706	1 000
Total	60 222	73 911	134 133	63 091	74 303	137 393	65 482	72 657	138 141

In terms of the demographic distribution of the Elundini population, a younger population, between the ages of 15 and 19 comprises the largest population.

2.4. POPULATION BY RACE (2011)

According to Census 2011, a large part of Elundini's population is made up of Black Africans (135 593) this figure translates to 98.01% of the entire population. The remaining 1.09% (2 580) is made up of 1 323 Coloureds (1%); 172 Asians (0.01%) 903 Whites comprising (0.07%) in the other category there are 182 inhabitants contributing (0.0 1%) of the entire population. (2011 Statistics SA)

The table below is the presentation of the racial distribution in Elundini:

CATEGORY	NUMBER OF POPULATION
Black Africans	135 559
Coloured	1323
Indian	171
White	905
Others	183

2.5. DISTRIBUTION OF HOUSEHOLD BY INCOME (2011)

Noticed from the census 2011 is that 28, 4% of the families earn between 9600- 38200 per annum which is R800-R 3183 per month whilst 19, 1 % of the households earning R38 200-R76 400 which is R 3183- 6367. 38% of the households fall in the category which earns less than 800 per month or no income at all. The municipality is enhancing its support on the social enterprises to increase the household income, which will also increase the consumer spending of the rural households.

The table below depicts the income levels of households within Elundini Municipality:

Income level	No. of Households	%
No income	6391	16,8
1-4800	3113	8,2
4800-9600	4868	12,8
9 600- 38 200	10770	28,4%
38 200- 76 400	7217	19,1
76400- 153 800	2501	6.6
153 800- 307600	889	2,3
307 600- 641 400	324	0,8
641 400- 1 228 800	53	0,1
1 228 800- 2457600	45	0,1
2457600 or more	23	0,06

2.6. LITERACY LEVELS

Elundini has low levels of education with only 11% of the entire population having completed Grade 12 and only 5% of the population having studied further than Grade 12. 32% of the population has only some schooling and an entire 15% of the population has received no formal education at all. The low levels of education in the municipality can be attributed to a lack of educational facilities i.e. in Mount Fletcher there is only 1 FET College, 1 primary and 1 junior secondary school in the town. Furthermore, the high school is a few kilometers away which poses a challenge to the learners who have to commute such a long distance in an area where roads and public transport are not at a satisfactory level.

The lack of education facilities is further exacerbated by the dilapidated condition of present facilities, especially some of the farm schools. The Education Department planned to eradicate 95 mud structures as well as 7 other schools affected by disaster in Elundini. Whilst Elundini faces major challenges in terms of education, it is worth mentioning that there have been improvements over the 10 year period from 2001 to 2011. In 2001 for example only 3.44% of population in the area had completed Grade 12, this proportion has risen to 11.90% in 2011, and whilst this is still a very low percentage, it does demonstrate a marked improvement over 10 years. Strategies to enhance capacity building in the communities must be considered.

The table below depicts the number of people by gender who had attended school between 2001 and 2011:

	2001				2011			
	Male	Female	Total	Total %	Male	Female	Total	Total %
No school	11271	14875	26146	21.35%	4749	6641	11390	15.99%
Some school	28670	27836	56506	46.15%	8605	10195	18800	26.39%
Completed Primary	3844	5624	9468	7.73%	2243	3243	5485	7.70%
Some Secondary	9147	14590	23737	19.38%	9983	2349	23478	32.95%
Grade 12/Std10	1721	2490	4212	3.44%	3856	4625	8481	11.90%
Higher	859	1525	2384	1.95%	1271	2345	3616	5.08%
Total	55513	66940	122453	100%	30707	40544	71250	100%

2.7. GRANT DEPENDENCY (2011)

Data from SASSA as of February 2015 indicated that the total value of state support in the form of grants, e.g. care dependency (disability), child support (0 – 18 years), foster care, grant in aid, old age (below 75 years), old age (75 years & over), permanent and temporary disability, war veterans to the Elundini population was R 44 078 163 per month which benefited 97 138 beneficiaries in the three (3) towns of the municipality. The table below depicts the distribution of grants in Elundini.

Area Office	Total Value of Grant	Number of beneficiaries
Mount Fletcher	R 26 309 768	58 549
Maclear/ Ugie	R 17 768 395	38 589
Total	R 44 078 163	97 138

2.8. HIV and AIDS

HIV/AIDS Strategy has been adopted and is currently implemented. The municipality sets aside budget that is focused at implementing all programmes that fall under the Special Programmes Unit and these are Sport; HIV/AIDS; Women; People Living with Disabilities and Youth development.

The most recent statistics for HIV/AIDS in Elundini were taken in 2010. The table below shows us that that there has been marked increase in the levels of HIV/AIDS infections within the municipality between 2001 and 2010 from 8610 to 13416 people which is an increase of 4806 people. Infections Elundini seem to be higher among women than among men as is the case in most parts of the country. In 2010 women made up 59.86% of the population living with HIV/AIDS. Strategies that seek to support HIV/AIDS programs in Elundini need to be enhanced within the institution and externally.

HIV/AIDS BY GENDER		
	2001	2010
MALE	3,288	5,384
FEMALE	5,322	8,032
TOTAL	8610	13416

2.9. PEOPLE LIVING WITH DISABILITY (2011)

The municipality has, in December 2012, adopted its strategy that is meant to deal with all the issues affecting people with disabilities which is implementable until 2017. The municipality also sets aside budget for the implementation of the strategy.

People with disabilities are part and parcel of the Elundini community. The Municipality seeks to take steps to integrate people with disabilities into the community and ensure that they may contribute in all sectors to the development of Elundini. The above table shows us that 29% of people in Elundini with disabilities have physical disabilities which are the largest category. People with disabilities falls under the “Mainstreaming of Special Groups” priority. As it stands there is a strategy which has been put in place to deal with the needs of this special group, this strategy has also been adopted and shall be implemented.

Below is the presentation of the categories of disabilities by people in the Elundini municipal area:

Category	% population
Seeing	16%
Hearing	10%
Communication	3,1
Physical Disabilities	29%

The table below depicts the list of SPU programmes that the municipality is implementing:

PROGRAMME/PROJECT	CURRENT BUDGET (2014/2015)	PLANNED BUDGET (2015/2016)
Implementation of HIV/AIDS Strategy	R 720 000	Awaiting budget allocation
Promotion of sport development	R 600 000	Awaiting budget allocation
Women empowerment	R 600 000	Awaiting budget allocation
Empowerment of PWD	R 211 000	Awaiting budget allocation
Youth Development	R1 200 000	Awaiting budget allocation

2.10. UNEMPLOYMENT (2011)

Assessing employment remains a very complex task to undertake, due to the fact that there are a number of varying methodologies of measuring unemployment. The Variations in methods often result in unemployment rates being very different for the same area depending on who has conducted the measurement and which methods were employed in order to do so. Statistics SA shows us in the above table that 9% of Elundini’s population is unemployed. Whilst this percentage may seem quite low it is also important to remember that 4% are classified as discouraged work seekers and are therefore technically also not gainfully employed.

There is also 47040 (34%) of the population which is not economically active. Many of those included in the (Not economically Active) population are of working age and therefore could be working. Regardless of the categories that have been used to describe those that are not employed, what is clearly evident is the fact that only 11% of those assessed in Elundini are considered gainfully employed, which is a low employment rate.

The table below depicts the employment rate within the municipal area:

INDICATOR	NUMBER OF PEOPLE	PERCENTAGE
Employed	14207	11%
Unemployed	11 323	9%
Discouraged work seekers	5305	4%
Not economically active	47040	34%
Not applicable	60 265	44%

3. LOCAL ECONOMIC DEVELOPMENT

The municipality is busy implementing its LED Strategy it adopted in 2012. The strategy will be fully implemented until 2017. The strategy is aligned with the district, provincial and national objectives. The implementation of the strategy is within the LED Section managed by the LED Manager located within the SP & ED development and the unit is fully capacitated.

3.1. INDICATORS OF ECONOMIC PERFORMANCE

3.1.1. LEVEL OF ECONOMIC GROWTH

- ✓ The average annual GGP growth for Elundini Municipality over the period 1995-2011 is 7.9%.
- ✓ This outpaces the growth of the Joe Gqabi District, which has an average growth rate of 5.1% and far
- ✓ Outpaces the growth of the Eastern Cape, over the same period, which only shows growth of 2.8%.
- ✓ Elundini economic outlook has improved, but requires that we actively pursue a different trajectory if we are to address the challenges ahead.

3.1.2. SECTOR CONTRIBUTION TO GGP

The table below depicts the contribution of different sector into the GDP in our area:

SECTOR	2004	2007	2011
Agriculture	8%	6%	4%
Manufacturing	6%	10%	12%
Construction	2%	3%	4%
Trade	12	13%	15%
Transport and communication	9%	9%	7%
Finance and business services	19%	27%	30%
Government	40%	33%	30%

3.1.3. SECTOR CONTRIBUTION TO EMPLOYMENT

SECTOR	2004	2007	2011
Agriculture	42%	33%	26%
Manufacturing	2%	4%	6%
Construction	8%	8%	9%
Trade	19%	18%	17%
Transport and communication	2%	2%	4%
Finance and business services	4%	7%	10%
Government	26%	27%	28%

As per the statistic above agriculture contribution to employment as well as contribution to the GGP has decreased whilst the manufacturing has increased. There is a need to diversify the composition of products by value adding products. The broadening of economic space through larger consumer markets can give Elundini Municipality the opportunity to develop its economy and increase its competitiveness. Elundini should focus or target high growth markets with the objective of creating investment and export opportunities in the manufacturing sector especially in forestry and agriculture value adding initiatives which are the back bone sectors of this economy. Exporting however should be pursued at the expense of producing for the local market must be ignored as the combination of both could stabilize the income.

3.1.4. GROSS VALUE ADDED (GVA)

Gross value added at basic prices, Rm (current prices and constant 2005 prices)				
Industries	Prices	2008	2009	2010
Primary sector	R millions, constant 2005 prices	119	120	112
Secondary sector	R millions, constant 2005 prices	1,540	1,760	1,954
Tertiary sector	R millions, constant 2005 prices	119	120	112

The above table demonstrates how the secondary sector which deals with economic activities such as manufacturing continues to be the largest earner in terms of Gross Value Added.

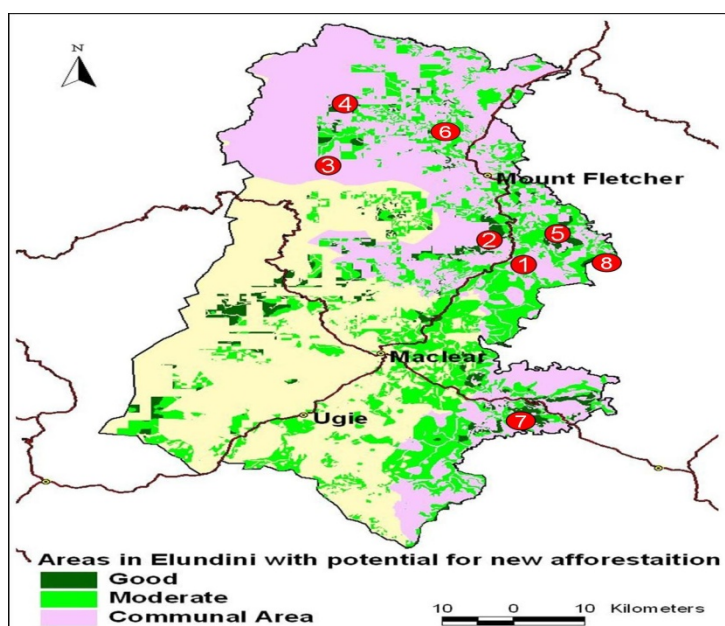
3.2. KEY ECONOMIC SECTOR ANALYSIS

3.2.1. FORESTRY SECTOR

The Forestry sector in Elundini is described by the JGDM Forestry Sector Plan as highly vertically integrated, whereby almost all of the commercial plantation resources are owned by a single industrial processor (i.e. PG Bison). These resources are used to manufacture a single product being chipboard and laminated panels. The vertical integration of the industry highlights the difficulty of new market entrants to enter the market, as the raw material is committed to a particular processor. The report further emphasises the impact that this situation has on the sector through ensuring a lack of diversity of suppliers and buyers, which increases the volatility of the sector. „The local forest industry can also be described as being by-and-large a closed system“ (JGDM, 2010). PG Bison mainly sources its timber from the North East Cape Forests (NECF) and to smaller extent Hans Merensky and other suppliers. The timber resources are used predominantly for PG Bison manufacturing plant and there is limited trade between the NECF and other regional sawmills.

PG Bison began construction on a particle board plant in Ugie in 2005, and the plant, valued at R1.3 billion, became operational in 2008. The plant requires between 1,200 and 1,300 m³ of timber per day. The NECF owns 82,000 ha of land in total, of which 40% is under plantation. Of the total plantations 5,500 ha are Eucalyptus and plans are to increase these plantations to 6,500ha. The existing pine forests occupy 33,142 ha and PG Bison plans to increase this by 1,677 ha.

The feasibility study done for communal forestry production has been done in the rural communities of Elundini as reflected below. The areas below are suitable for forestry production. Strong partnerships by communities, government and private sector should be the focus for expansion in forestry production and timber processing.



ROUGH LOCATIONS OF POTENTIAL PROJECTS IN ELM

1. Katkop Community
2. Chevy Chase Community
3. Bethania Community
4. Black Fountain Community
5. Nxaxa Community
6. Tinana Community
7. Ntywenka Community

3.2.2. AGRICULTURAL SECTOR PROFILE

The vast majority of land outside of the three urban settlements in Elundini is utilized for agricultural purposes, primarily forestry around Ugie and parts of Maclear, or for mixed farming. Bio-physical conditions (e.g. high rainfall) have dictated agricultural patterns in Elundini with most farmers practising mixed farming. Elundini is known for its cattle, sheep, potatoes, cabbages and maize production. The analysis of the agricultural sector in Elundini is undertaken in terms of commercial, emerging and subsistence farmers.

Emerging and Subsistence farming Agriculture in the communal areas surrounding Mount Fletcher in Elundini, is characterised by small scale farming with limited outputs. Farmers experience problems with water reticulation, high mortality rates of livestock and fencing (JGDM, 2010).

Agricultural activities of emerging farmers include maize farming and livestock farming. Emerging farmers are primarily located in and around Umnga (32 farms) and Pitseng. These farms are characterised as generally not being commercially operated. Commercialising these operations is a major challenge for agriculture. Livestock figures are as follows :-

- Cattle : 61 800
- Sheep : 190 000
- Goats : 76 868

A number of government programmes have been instituted, some with varying degrees of success. These programmes include: - Massive Food Production: farmers reported limited success, with the farmers only registering a profit one year out of the programme's five years of operation. Other government programmes which are implemented by Department of Rural Development and Agrarian Reform include food security, fencing and shearing shed.

Problems with delays in delivery of seeds and tractors led to crop failure. The Mentorship programme proved to be highly successful and there were requests to reinstate this programme. Here an experienced farmer and advisor worked closely with emerging farmers to mentor and coordinate planning. - Siyakhula: 30 ha were turned over to crop.

Emerging farmers expressed dissatisfaction with the levels of communication from the Department of Rural Development and Agrarian Reform. Projects that assisted emerging farmers included the erection of shearing sheds and the livestock improvement programme. Extension Officers are located in Elundini to assist in provision of agricultural advice and services. However these officials complained of the lack of commitment and the dependency culture of beneficiaries. For their part, emerging farmers complained of a lack of capacity of the extension services.

Emerging farmers in Elundini face many of the same challenges faced by emerging farmers throughout South Africa. They lack the market intelligence (e.g. pricing information), resources (e.g. access to capital, collective marketing) and infrastructure (e.g. storage facilities, fencing) which hinders their business. They lack organization and sufficient volumes to demand competitive prices for their outputs. They also lack access to credit facilities needed to fund the long establishment phase of a farm or a new crop.

Commercial Farming sector is well organised through farmers associations and Agri-Eastern Cape. The National Farmers Union or NAFU is not well organised at a local level and the JGDM Agriculture Sector Plan recommended that emerging farmers join commercial farmers unions to gain greater support.

Commercial farmers in Elundini practice both livestock and crop farming. Livestock farmers produce mainly beef cattle and sheep. Crop production is focused on the cultivation of potatoes, maize and cabbages. There are a handful of farmers that keep dairy cattle that produce roughly 200,000 liters of milk per month. The milk is sold to the milk depots in Ugie and Maclear. Other buyers of milk such as the cheese factory in Dordrecht have closed down. According to the milk depots the local fresh milk and mass market is saturated, but there is potential to expand their market

3.2.3. TOURISM SECTOR PROFILE

The tourism market in Elundini is largely undeveloped. It has a number of products that are clustered around the towns of Ugie and Maclear. The JGDM Tourism Sector Plan found that the municipality had more products than any of the other municipalities in the district. Based on 2007 research undertaken for the Elundini Tourism Plan the following trends were found for the tourism market. The tourism products that are being sold in the study area are: Business stop-overs; Transit stop-overs; General interest tours.

The key attractions for the area include its paleontological heritage, which includes dinosaur footprints, fossil remains and petrified forests. There are also sites of cultural significance. In terms of protected heritage, the region has not formally protected many of its historical buildings and churches through proclamation of historical landmarks. There are only two proclaimed national monuments in the municipality that being the dinosaur footprints at Oakleigh Farm near Maclear and the Naude's Nek. A key constraint to the region's tourism market is that most attractions are on private farms that require prior arrangement to visit and that these attractions are of a low level of development.

The Elundini Tourism Plan stated there were 25 tourism establishments in 2007 when the study was undertaken. Based on the register of Elundini accommodation maintained by the local municipality, it is estimated that there are currently 27 establishments. The number of establishments has grown, with most being bed and breakfasts. There are also more emerging tourism products and establishments, especially in the Mount Fletcher area being established. Tourism events that are held in Elundini include: The Fees Zonder Naam, Ladies Fly Fishing Competition, Rapture of the River Fly-Fishing Competition, Annual Rose Show, Kapaailand Classic Golf Tournament.

3.2.4. KEY CHALLENGES THAT NEED INTERVENTION IN THE THREE ECONOMIC SECTORS

Agriculture:

- ✓ Underutilized communal land suitable for agricultural purpose
- ✓ Lack of value adding initiatives
- ✓ Market access and funding
- ✓ Public Private partnerships between farmers and private sector and the municipality
- ✓ Business network not functional and very limited social dialogues

Proposed strategies:

- ✓ Partnership between farmers , the municipality, other government institution and private sector
- ✓ Value adding initiatives must be pursued
- ✓ Markets access and funding improvement
- ✓ Expansion in primary production of agricultural product
- ✓ Investment Promotion

Forestry:

- ✓ Underutilized forestry land
- ✓ Licensing for plantation
- ✓ Value adding initiatives
- ✓ Non preference by communities in suitable areas
- ✓ Business network not functional

Proposed strategies:

- ✓ Strengthened partnerships with private sector , communities, chiefs and government departments
- ✓ Forestry expansion plan
- ✓ Furniture making expansion
- ✓ Sawmill initiatives

Tourism:

- ✓ Marketing underdeveloped
- ✓ Local tourism Statistics poorly managed
- ✓ Rural tourism poorly promoted
- ✓ Grading of tourism establishment poorly coordinated
- ✓ Heritage site marketing and development
- ✓ Business networks not functional

Strategies:

- ✓ Promotion of rural tourism initiatives
- ✓ Improved local statistics on tourism
- ✓ Marketing of local tourism attraction and products
- ✓ Coordinate grading
- ✓ Partnerships on promotion of heritage sites

3.3. COMPETITIVE AND THE COMPARATIVE ADVANTAGE

The table below depicts both the comparative and competitive advantages of the Elundini Municipal area:

COMPARATIVE AND COMPETITIVE ADVANTAGES PER SECTOR ELUNDINI

SECTOR	COMPARATIVE ADVANTAGE	COMPETITIVE ADVANTAGE
Agriculture	Labour surpluses, Fertile land, Underutilized irrigation potential	Maize, Animal husbandry Irrigated agriculture
Forestry	High rainfall Suitable conditions	Forestation
Tourism	Mountains/Alpine Rivers Remote and rural Rare bird species	Trout fishing Business tourists

3.4. INFORMAL SECTOR DEVELOPMENT

The municipality has developed and adopted a Street Trading By-law that regulates and controls street trading activities within the CBO of all urban areas of the municipality. The by-law also provides for the enforcement in cases of transgression, namely, trading in prohibited areas. Informal trading provides some income to those who are unemployed as well as an alternative to established traditional formal sector retail options. Uncontrolled and unplanned growth of the informal trading sector can have a negative impact on the municipality leading to conflicts between traditional traders and „newcomers“, because of uncertainty regarding each party's right.

The Municipality's objective with regards to the informal trading sector is to improve the governance of the informal trading sector by providing guidance for better municipal control of the informal sector through better bylaw design and enforcement. The policy will seek to strengthen co-ordination among municipal management units: technical services, environmental health, LED, licensing, spatial planning and land-use. The policy will improve service delivery to the sector, including basic services for informal traders at attractive locations. Improved management of street traders will also improve business confidence in municipalities leading to possible increased investments in the localities.

The development of an Informal Traders Policy should improve competitiveness of towns as investment locations, by showing a well-managed and supported informal. The policy envisages intensifying support for enterprises, including infrastructure. The policy is borne out of the need for a common approach towards informal trading in the jurisdictional area of Elundini Municipality. It lays the foundation for the exercise of informal trading in a manner that is of benefit to those involved in it – traders, property owners and customers alike. The policy also gives further expression to government's commitment to implementing a legitimate regulatory framework for this dynamic sector.

The municipality has audited all street traders, developed licenses and piloted the licenses in 30 of the street traders in 2013. It aims to enhance the program on licensing and business inspection not only to the informal sector but also to the formal sector as a whole.

3.5. SMALL TOWN REGENERATION PROGRAM (See projects in Section G)

Elundini municipality is faced with the infrastructure backlog in general and its three small towns have been fraught with development challenges. Some of these include:

- ✓ Infrastructure maintenance neglect as a result of backlog in infrastructure development.

- ✓ Irregular service provision especially in the area of waste removal, road maintenance and town upgrading and management of commonage.
- ✓ “Uneven” (or unequal) development which has resulted into Ugie and Maclear having some development whilst Mount Fletcher with no much
- ✓ Unhealthy street trading which is not regulated.

Addressing many of these challenges could encourage a re-focused interest in local economic development and ultimately elevate the plight of small towns’ regeneration in strategic provincial debates to get partnerships. The municipality has therefore considered the small town regeneration as one of the key initiatives in the local economic development for future.

3.6. PARTNERSHIP WITH P.G. BISON

The municipality has partnered with the private sector, i.e. P.G Bison, in improving various issues in Elundini around Local Economic Development and Social Development. The following are among the examples:

3.6.1. Business Adopt a Municipality Project

In the area of Business Adopt a Municipality, P.G. Bison has partnered with the municipality around the following areas:

- ✓ Disaster Management
- ✓ Small town revitalization – Maclear & Ugie
- ✓ Furniture factory
- ✓ Skills Transfer

3.6.2. Community Afforestation Project

- ✓ A formal strategic partnership agreement has been developed where skills transfer over a ten year period is guaranteed through the partnership arrangement with PG Bison.
- ✓ PG Bison is currently offering management, administration and technical support as it is anticipated that timber in close proximity of the PG Bison board plant will be sold to PG Bison at the time of harvesting.
- ✓ PG Bison has employed a Social Forester, whose responsibility is solely to provide all the support to the community Afforestation Projects.
- ✓ The Social Forester has been allocated a vehicle that she uses to travel to these communities on a daily basis.
- ✓ PG Bison offers a forestry learnerships, through funds made available by the Forestry Seta.

3.6.3. Infundo Schools Learning Programme

The Infundo Schools Learning Programme is an educational programme aimed at assisting High School teachers in Ugie and Maclear by equipping them with better teaching skills in Mathematics, Science, Accounting and English.

3.6.4. Joe Gqabi and PG Bison Community Vegetable Garden

The community vegetable garden has recently started in March 2014, and is under the ownership of 15 people from the community. The project is an initiative by Joe Gqabi District Municipality as well as PG Bison, with the hope to include Elundini Local Government as the project is in Ugie.

3.6.5. Ad hoc Community Donation Projects

PG Bison also assists communities and schools in the Elundini Local Municipality with donations as and with any other requests that are deemed to require assistance from the company.

4. BASIC SERVICE AND INFRASTRUCTURE DEVELOPMENT

The municipality has a functional PMU in the Infrastructure Planning and Development Department that is capable in delivering all infrastructure programme and has been revised to include the position of the ISD Officer who plays a social facilitation role and community mobilization in as far as the implementation of all infrastructure projects. Among other responsibilities the ISD Officer plays are:

- ✓ Establishment of Project Steering Committee;
- ✓ Facilitation of employment on projects
- ✓ Ensure that project implementation runs smooth

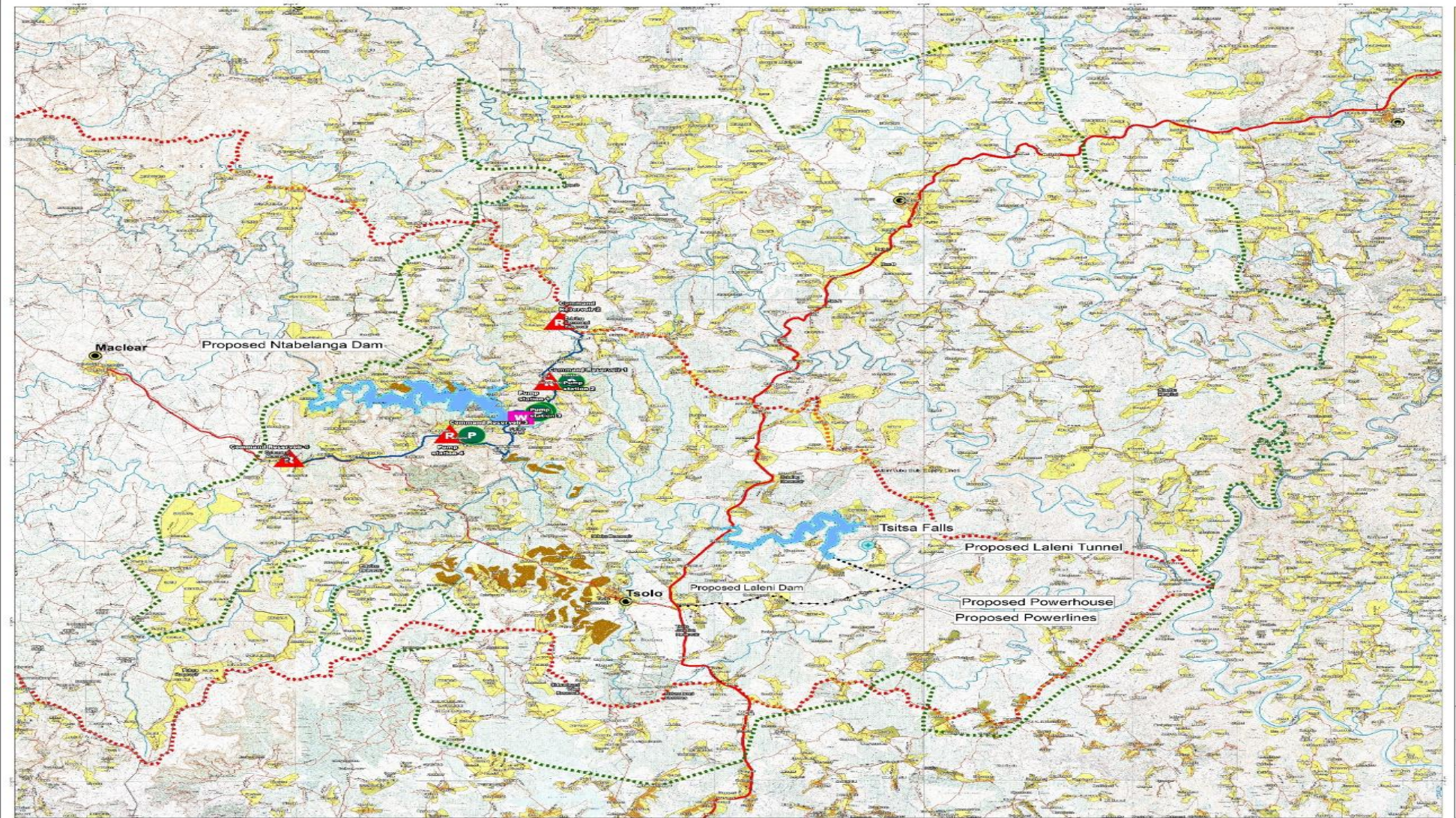
4.1. IMPLEMENTATION OF EPWP

The municipality has in May 2013 adopted an EPWP Policy which seeks to ensure that all capital projects are implemented through labour intensive methods. The policy also aims to provide an enabling environment for the municipality to increase and expend the implementation of EPWP to other sectors, i.e. to other non-infrastructure programmes. To ensure that EPWP programmes are run and managed effectively, the municipality has employed an EPWP Coordinator, located within the PMU section, who, on a daily basis run with the EPWP programme.

4.2. UMZIMVUBU MULTIPURPOSE DEVELOPMENT (A NATIONAL INITIATIVE)

- ✓ Umzimvubu Water Project is a Strategic Integrated Project (SIP 3 project) that is intended to simulate socio-economic development in the former Transkei area of the Eastern Cape
- ✓ Two multipurpose dams are proposed to be built on the Tsitsa River, a tributary of the Umzimvubu River, to supply irrigated agriculture, domestic and industrial water requirements and the generation of hydropower. The two dams will be operated as a conjunctive scheme
- ✓ Project location and supply areas lie within the district municipalities of OR Tambo, Alfred Nzo and Joe Gqabi

PROJECT LAYOUT



POPULATION TO BE SUPPLIED WITH POTABLE WATER

Population					
	2013	2020	2030	2040	2050
Alfred Nzo DM	165 735	177 691	196 281	216 816	239 500
Joe Gqabi DM	33 513	35 931	39 690	43 842	48 429
OR Tambo DM	303 574	325 472	359 524	397 138	438 687
Totals	502 822	539 094	595 495	657 797	726 617
Households					
	2013	2020	2030	2040	2050
Alfred Nzo DM	33 859	36 301	40 099	44 294	48 928
Joe Gqabi DM	6 847	7 340	8 108	8 957	9 894
OR Tambo DM	62 018	66 492	73 448	81 133	89 621
Totals	102 723	110 133	121 656	134 383	148 443

4.2.1 IRRIGATION WATER REQUIREMENTS

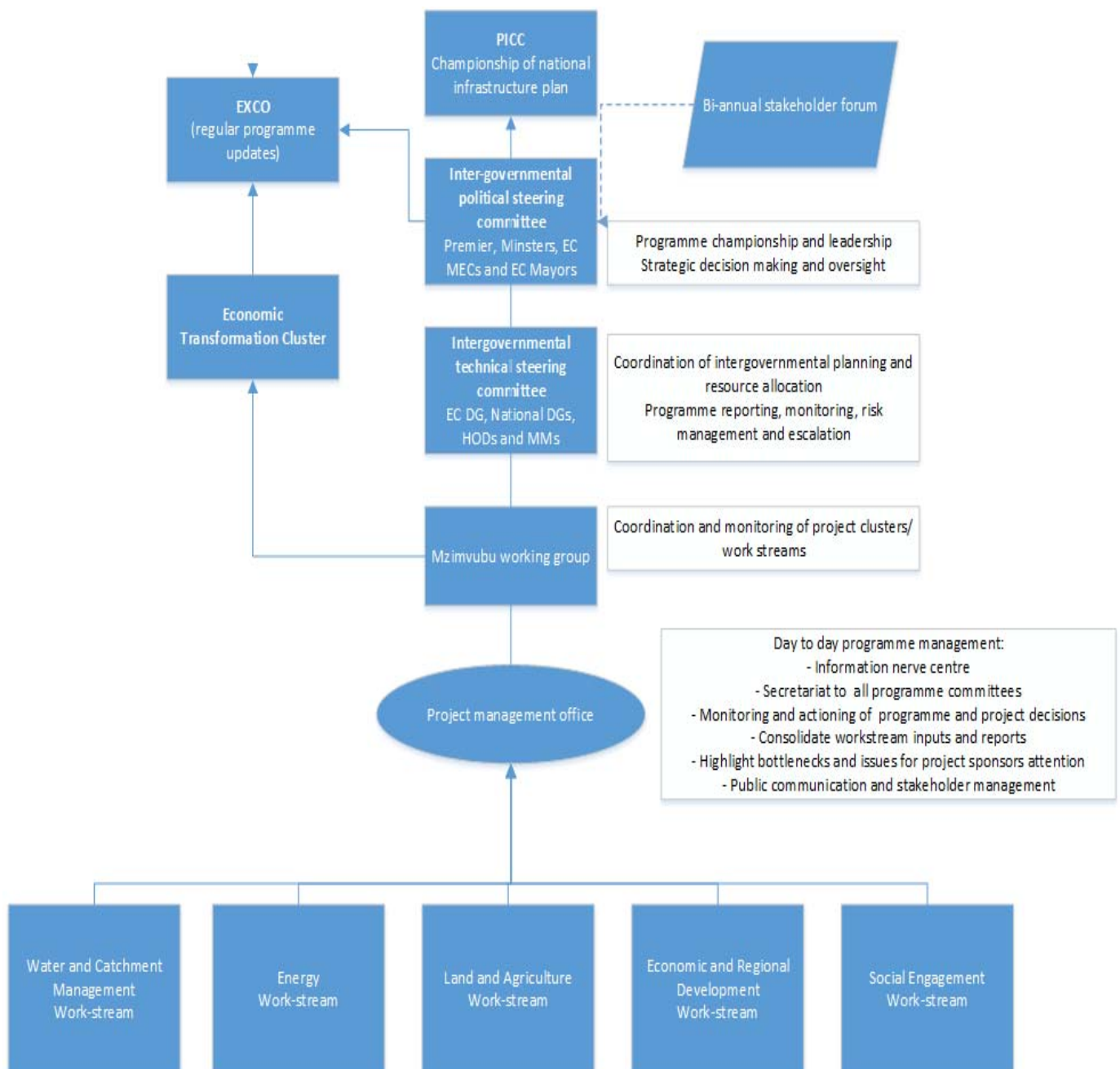
- ✓ Study has identified 2 868 ha of high potential land suitable for irrigated agriculture
- ✓ 2 450 ha in the Tsolo area and the rest near to the dam and along the river
- ✓ Water requirements based upon average of 880 mm per annum application rate which includes losses/wastage
- ✓ Optimal farm size and model is still being investigated – (45 farms of 60 ha)

4.2.2 FINANCIAL IMPLICATIONS

- ✓ The estimated budget according to the feasibility study reports for the project is R 12, 5 billion.
- ✓ The project funding model (fiscus, debt financed, PPP etc) still requires to be finalized and funding requires to be sourced.
- ✓ The current Treasury allocation is R694 million broken down as:
 - 2014/15: Nil
 - 2015/16: R264 million
 - 2016/17: R430 million
- ✓ The Eastern Cape Provincial Government needs to work out the budget implications for the roads network, agriculture and tourism aspects.

- ✓ The municipalities have to provide resources for distributing the water to households from the Ntabelanga Dam.

4.2.3 MZIMVUBU GOVERNANCE ARRANGEMENTS



4.2.3.1 Inter-governmental political steering committee

- ✓ To be jointly convened by the Eastern Cape Premier and the Minister of the Department of Water and Sanitation.
- ✓ Other members include the Ministers of Rural Development and Land Reform; Energy; Agriculture, Forestry and Fisheries; Environmental Affairs; Tourism; SMMEs; Economic Development; COGTA; and Treasury.
- ✓ MECs of the Department of Rural Development and Agrarian Reform; the Department of Economic Development, Environment and Tourism; Treasury; COGTA and Transport; as well as the Executive Mayors of OR Tambo, Alfred Nzo and Joe Gqabi District Municipalities.

The role of the inter-governmental political steering committee

- ✓ Provide overall championship and leadership;
- ✓ Champion resource mobilization within government, public entities, and the private sector;
- ✓ Take strategic decisions, and where appropriate refer decisions to the PICC and Cabinet;
- ✓ Monitor implementation, approve quarterly consolidated progress reports,
- ✓ Ensure effective system of accountability;
- ✓ Enforce consequence management;
- ✓ Assume overall responsibility for managing stakeholder relations, and strategic communications
- ✓ It is proposed that the committee meet quarterly. Secretariat support will be provided by the PMO.

4.2.3.2 The Inter-Governmental Technical Steering Committee

- ✓ Accounting to the IG Political Steering Committee;
- ✓ To be co-convened by the DG Water and Sanitation, and the DG in the Office of the Premier;
- ✓ Should be made up of DGs/DDGs from Water and Sanitation; Energy; DAFF; Rural Development and Land Reform; Economic Development; SMMEs; the DTI; Tourism; Environmental Affairs, Treasury; and COGTA.
- ✓ HODs/DDG from OTP, Treasury, COGTA, DEDEAT, DRDAR, Roads and Public Works, and Transport.
- ✓ MMs from relevant DM's & LM's
- ✓ Senior representatives from relevant SOEs such as SANRAL and ESKOM.

The role of the inter-governmental technical steering committee

- ✓ Co-ordinate all integrated planning and resource allocation;
- ✓ Ensure all priority projects are integrated into relevant APPs, IDP s and allocated resources;
- ✓ Ensure the necessary implementation capacity and execution;
- ✓ Monitor implementation, consider and refer the quarterly consolidated progress reports to the political committee for approval;
- ✓ Enforce consequence management;
- ✓ Process and implement decision taken by political steering committee, including those agreed to through stakeholder engagement.
- ✓ It is proposed that the committee meets every second month.
- ✓ Secretariat support will be provided by the PMO.

4.2.3.3 Mzimvubu Working Group

- ✓ Accounting to the Technical Steering Committee,
- ✓ The Mzimvubu Working Group is an operational structure consisting of operational programme managers from all relevant national and provincial departments, SOEs, and municipalities.
- ✓ This is a continuation of the operational Working Group that has already been established.
- ✓ It is proposed that the Working Group be co-convened by DWS and OTP.

Role of the Mzimvubu Working Group

- ✓ Achieve operational synergies in the plans, activities, and budgets of relevant organs of state;
- ✓ Manage operational risks;
- ✓ Oversee and engage with consolidated reports from work-streams and PMO
- ✓ Process consolidated reports from PMO for upward consideration in Economic Transformation Cluster and Technical Steering Committee
- ✓ Provide a platform for operational programme managers and project managers from work-streams to interact with other work-streams
- ✓ Engage with technical aspects of work-stream programmes
- ✓ It is proposed that the Mzimvubu Working Group meets monthly.
- ✓ Secretariat support will be provided by the PMO.

4.2.3.4 The Project Management Office

- ✓ Dedicated capability and Accounting to the Office of the Premier;
- ✓ Assume day-to-day overall programme management without taking away project ownership from relevant implementing departments, municipalities and entities;
- ✓ Provide the information nerve centre for the Mzimvubu Integrated Development Programme, providing easy-access spatially referenced data for all projects;
- ✓ Provide secretariat support to all co-ordinating committees (political, technical, working group) & Convene Work-Stream meetings;
- ✓ Monitor implementation of all decisions taken at technical and political steering committee level, and escalate where necessary;
- ✓ Sift, verify and process work-stream inputs and reports into a quarterly consolidated programme progress reports for technical and political steering committees (for onward processing to Provincial Economic Transformation Cabinet Committee, EXCO and the PICC;(W&S committed to fund the PMO)

4.2.3.5 Bi-annual stakeholder forum

- ✓ Convened by the Eastern Cape Premier and the Minister of Water and Sanitation
- ✓ Meets twice a year for the duration of programme implementation (upward of 6 years).
- ✓ The purpose of the forum is to create a platform through which local and regional stakeholders can participate in the various aspects of programme planning, receive information updates, and give feedback on issues and concerns.
- ✓ Critical stakeholders to participate in the forum include local business, farmers, traditional leaders, councillors and ward councillors, churches, NGOs, community-based organizations, organized labour, among others;
- ✓ Sector based fora to be set up when necessary;

4.2.3.6 Programme work-streams

- ✓ Programme work-streams are intended to co-ordinate and monitor clusters of projects at operational level. It is proposed that five (6) work-streams are established:
- ✓ A water and catchment management work-stream
- ✓ An energy work-stream;
- ✓ A land and agriculture work-stream
- ✓ An economic development work-stream
- ✓ A social facilitation and communications work-stream
- ✓ Co-ordination and financing work-stream

The role of the work-streams

- ✓ Ensure integrated project plans are developed (aligned with the broader strategic intent of the Mzimvubu Programme);
- ✓ Ensure projects are resourced and funding gaps clearly identified;
- ✓ Ensure clear project ownership arrangements;
- ✓ Ensure the necessary implementing capacity is allocated/leveraged;
- ✓ Monitor projects to ensure project implementation within time-frames and budgets;
- ✓ Bring bottlenecks and emerging project risks to attention of PMO for escalation to technical and political steering committees;
- ✓ Compile monthly work-stream project reports;
- ✓ Provide ongoing project data for the PMO's spatially-based information system
- ✓ It is proposed that work-streams meet monthly to discuss and consolidate reports for the PMO.

4.3. WATER AND SANITATION

The JGDM has since taken over all water and sanitation related services at the beginning of the 2013/2014 financial year and the ELM has a SLA with the JGDM around billing. The billing of the two services is done on monthly basis. The Joe Gqabi District Municipality as a Water Service Authority (WSA) provides all water and sanitation related issues and more information on access to both these services will be provided by the JGDM

The District adopted its Water Services Development Plan (WSDP) in September 2008 and has updated it on an annual basis, with the last updated WSDP approved by their council in 2014. The plan was developed for a five-year period in line with the Integrated Developed Plan and reviewed annually, where necessary. The WSDP provide a holistic and comprehensive infrastructure delivery plan and issues of institutional requirements and financial viability of service delivery are addressed. The Comprehensive Infrastructure Plan (CIP) contains service delivery targets linked to the three year capital development plan. The CIP informs all programmes contained in the WSDP.

The District has adopted water and sanitation implementation plans which provide a comprehensive analysis of the status quo in each of the services, including information on backlogs, provision of free basic services and service levels.

It can also be mentioned that access to both water and sanitation has greatly improved particularly to villages around Mt. Fletcher after the completion of the dam constructed by the JGDM to supply bulk water to rural villages.

The JGDM has successfully applied for grant funding from the Netherlands Government (ORIO) to provide water to 107 rural villages of Elundini. The programme of implementation will commence in the 2015/16 financial year and estimated construction completion period is 4 years. The total project cost is R250m with ORIO contributing 35% and MIG contributing 65%.

The table below depicts the list of villages, as provided by the DM, currently benefiting from the fund:

Village Name	Total Population for Village	Households Benefiting
Dinotsing RA	1 752	285
Kinira Poort RA	2 250	366
Lower Tokoana RC	3 272	532
Mangoloaneng RC	2 830	461
Mt. Fletcher CMNG	45 174	7 346
Sekgutlong RD	1 473	240
Somabadi RF	1 563	255
Tokoana RA	1 637	267
Tsekong Mission RE	1 455	237
Tsekong RD	1 176	192
Tsolobeng RA	6 691	1 088
Upper Tokoana RB	588	96
Dengwane RA	3 426	557
TOTAL	73 287	11922

The tables below depict the number of households with access to water as per the Census 2011.

Access to Water (2011)		
Source	Number of houses	%
No access to piped water	17763	46,9
Piped water inside the dwelling	3918	10%
Piped water inside the yard	2730	7%
Piped water in the community stand	13 000	34%

Access to Water as per Sources (2011)		
Source	Number of houses	%
Municipal water	11 194	29.06%
Borehole	5909	15.60%
Spring water	4857	12.08%
Rain water tank	1582	4.18%
Dams	2456	6.49%
River or stream	7071	18.07%
Water vendors	836	2.21%
Water Tanks	3044	8.04%

In terms of access to water, 46.09% of households in the Elundini area do not have access to piped water at all. This percentage is quite high and speaks to major challenges in the delivery of this service to households. Only 7% of households have access to water inside the yard whilst 34% of households use a community stand as the main access to water.

With regards to the sources of water, 29.06% of households in Elundini use municipal water as a main source of water whilst 15.60% of households use boreholes. 18.07% or 7071 households still use rivers or stream as a main source of water and another 6.49% of households use dams as the main source. It is clear from the statistics presented above that there are significant challenges in terms of ensuring that access to water for all households in Elundini is realized, some of the challenges include the following:

Many areas in Elundini Local Municipality do not have access to piped water. Most urban areas in Elundini have access to water, but shortages are occasionally experienced in Ugie and Maclear. In Mount Fletcher a borehole is being utilized which also results in occasional water shortages. Along with the issue of poor access to potable water is the need to improve water resource management. In the IDP ward analysis of needs identified that 50% of wards indicated that access to water or water supply was a service delivery issue.

The growth of towns such as Ugie is placing increased strain on the existing water infrastructure. Future growth will need to be supported by additional bulk water infrastructure. The insufficient bulk water and purification infrastructure is a significant constraint to future growth as any new residential, office or industrial development in Maclear, Ugie or Mount Fletcher will require additional infrastructure investment. The situation within Mount Fletcher is critical due to the current borehole system being unable to supply for the demand.

4.4. ROADS AND STORMWATER

For purposes of this report Elundini has divided roads into 3 categories namely, provincial roads, access roads and streets. These categories are discussed briefly below. The Department of Roads and Public Works through Sihamba Sonke Programme is currently implementing a Roads Asset Management System (RAMS). The programme is managed through District Municipalities. The implementation of the SLA between the municipality and the DRPW has also seen the functioning of the Roads Forum with its meetings sitting quarterly chaired by the Political Head for IPD and the secretariate from the DRPW.

4.4.1. PROVINCIAL ROADS

Provincial Roads are categorized into two (2) types of surface which are asphalt and gravel. The R56 is main Provincial Road which traverses from the South to North through Elundini Municipality, connecting Ugie, Maclear and Mount Fletcher. These roads are used by heavy freight vehicles and the timber haulage vehicles which have a significant impact in the deterioration of the road pavement design. In the past there funds were inadequate to accommodate road rehabilitation. The provincial roads are currently maintained with pothole patching even though the pavement layer showing signs of failure.

Other Provincial Roads are the MR00723 which connects Maclear to Rhodes, the R396 (MR00721) which connects Maclear to Tsolo. Most of provincial gravel roads have deteriorated significantly to the level where they would desperately need gravelling rather than occasional patchwork. This has resulted in most of the top surface of roads being eroded to the road bed. Poor drainage leads to roads being impassable in wet weather. Through cooperative governance the Elundini Municipality has entered into a service level agreement with the Department of Roads and Public Works for the Northern Elundini, whereby both municipal and district roads are well maintained. All roads in this area have been assessed and a maintenance schedule drawn up.

4.4.2. MUNICIPAL ROADS (See attached 3 year plan in Section G)

The Elundini Municipality has a Roads Construction Unit that is resourced with a full set of Plant equipment and has in its employ a Construction Supervisor, a Plant Supervisor and a Concrete Works Supervisor to ensure quality services are rendered in our internal projects. During the year under review, the municipality has entered into a service level agreement with the Department of Roads and Public Works. Of importance to note is that for each capital project to be undertaken, a thorough EIA is done to ensure compliance with the relevant applicable Act.

In terms of this arrangement, the municipality is contracted by the department to undertake routine and extensive maintenance of provincial roads within demarcated areas, for a predetermined contractual amount. With the “earned profit” the Municipality is to also attend to the access roads that are adjacent and/ linked with the provincial roads in order to integrate service delivery and avoid creating service delivery islands.

The ELM has developed the Stormwater Master Plan (SMP), completed in November 2013. The Municipality is also in the process of preparing an Integrated Transport Plan (ITP) which has incorporated the Roads Master Plan which will be linked to the municipality’s LED Strategy. Procurement of the service provider has been completed. The study is however halted due to unavailability of funds. The main aims of developing the SMP are, among others:

- ✓ Update the existing records of infrastructure assets
- ✓ Manage stormwater assets
- ✓ Identify problems or problematic areas within the stormwater systems
- ✓ Develop a rational basis from which to implement improvements
- ✓ Develop stormwater guidelines and standards for future work

4.4.3. ACQUISITION AND OPERATION OF THE ROADS CONSTRUCTION PLANT.

The municipality acquired the Plant following a strategic decision taken in December 2008 with the main objective of fast tracking the process of eliminating service delivery backlogs relating to access roads. A total of R13.1 million was spent on the acquisition of the plant and was funded from municipal reserves. The plant was acquired in June 2010.

Due to the lack of skills and experience in operating roads construction plant, the municipality appointed Akhatech, an engineering management services company, to :-

- ✓ Assist in defining the municipality’s requirements / specifications for the plant prior to acquisition.
- ✓ Facilitate the initial process of operating the plant.
- ✓ Support the Municipality in appointing the relevant operators of the machinery.

Akhatech supported the municipality for a period of 28 months which ended on 31 May 2012. In this period Akhatech implemented the first three projects constructed using the Plant. After 31 May 2012, the operations of the plant were managed independently in-house by the Municipality.

The Municipality recovers its costs for roads construction through the Municipal Infrastructure Grant (MIG) and the district roads maintenance service level agreement (SLA) entered into with the Department of Roads and Public Works (DRPW). The municipality uses “An Industry Guide to Infrastructure Service Delivery Levels and Unit Costs” document, issued by Department of Cooperative Governance and Traditional Affairs (COGTA), to determine the upper limits of allowable rates to be recovered from the MIG, whilst the SLA with DRPW specifies the rates that can be charged for work completed.

Since the acquisition of the plant, a total of 60 kilometres of access roads funded through MIG have been constructed using the plant, a further 24.8 kilometres funded from equitable share was refurbished and 233.6 kilometres have been maintained through the service level agreement with DRPW.

4.4.3.1 Summary of findings

Below is a summary of detailed findings that focus on operational and procedural aspects of the review:

	FINDING	PERFORMANCE AREA	MANAGEMENT RESPONSE PLAN
1	Insufficient reserves built up for replenishing of the fleet	Financial performance	Increase the productivity in order to provide sufficient reserves for the replenishing of the fleet
2	Plant nearing the end of its useful life	Financial performance	Accredited service provider will evaluate the plant to see if its useful life can be extended.
3	Lack of monitoring of the Akhatech (Pty) Ltd deliverables	Plant productivity	Not applicable
4	The Servicing and Maintenance of the plant has not been managed properly	Plant Productivity	Schedule of maintenance of the plant will be developed, implemented and monitored.
5	Lack of standard operating procedures or guidelines in the operation of the plant	Plant Productivity	Budget will be made available
6	Deficiencies in preventative maintenance processes	Plant Productivity	Assistant mechanic will follow up with preventative maintenance
7	Duties and responsibilities on personnel involved in running the plant	Staffing	Responsibilities and duties will be clearly identified and be allocated to staff through performance agreements
8	No continuous training for the key staff running the plant	Staffing	Assistant manager and the accountant will be sent for training on plant management
9	Inefficient Records Management	Operations and Management	Dedicated accounted for record management
10	Lack of monitoring of actual expenditure	Operations and Management	Cost Centre will be established by budget unit to for all expenditure related to the plant
11	Lack of project management on previous projects implemented	Operations and Management	PMU will ensure proper project management for all the projects that utilises the plant
12	Deficiencies noted on the licencing of vehicles	Operations and Management	Licensing deficiencies has been resolved
13	No feasibility study conducted to acquire the plant	Operations and Management	No plan necessary
14	Lack of a letter of good standing.	Operations and Management	Letter of good standing has been obtained

4.4.4. ACCESS ROADS

In the implementation of the SLA signed between the ELM and DRPW for the upgrading of both the municipal and provincial roads, a budget of R 6,6m was set aside where the ELM contributed R 2,6m and the DRPW contributed R 4m.

Challenges that the municipality is facing in the upgrading of access roads are due to the topographic nature of the municipality and its inclement weather, because in winter it is very snowy and in summer it experiences high rainfalls.

4.4.5. STREETS

The condition of streets in all three towns has deteriorated to a point where they require reconstruction. Management of storm water will be key towards the life span of the roads infrastructure. In an effort to extend the life span of the current roads, the municipality has established a pothole repair team utilizing personnel from the Massive Job Creation Programme. This team has successfully to date done repairs to potholes to all three towns. In some areas the pavement layers are also failing hence potholes constantly reoccur. The municipality built its own slurry machine which is currently resealing roads in Maclear and Ugie.

There is a need to invest in construction and major rehabilitation of roads in all three towns to improve the image of the towns and attract economic investment. Inter alia bypass routes should be considered for transportation of timber to prevent further deterioration of the existing roads network and the safety of road users.

Sidewalks in the town of Maclear have been upgraded from gravel to asphalt and the same exercise will be implemented in Ugie.

4.4.6. KEY MOBILITY ROUTES

The Elundini Spatial Development Framework has identified key mobility corridors. These key roads should be kept well maintained as they have the most social and economic impact in the Municipality. These include the R412 (Ugie/Langeni roads) and the R56 (between Maclear and Mount Fletcher).

4.5. HOUSING PROVISION

The provision of houses remains the sole responsibility of the Department of Human Settlement and the Elundini Municipality only plays the facilitation role. The facilitation responsibilities of the municipality include but not limited to:

- ✓ Identification of suitable land for building of houses in line with the SDF;
- ✓ Engaging communities on the suitable type of houses to be built on their areas;
- ✓ Compiling a demand list, submit it to the municipal Council for endorsement then send project list to the DHS;
- ✓ The department then develops a project list of new houses to be built in dealing with the housing demand;
- ✓ Compiling of beneficiary lists and submitting it to the department for scanning;
- ✓ Engaging other sector departments for the provision of other services;

In Elundini Local Municipality there is only one informal settlement located in an area called Eziblwokweni. Even though there is no migration plan in place, a decision was taken in ensuring that the Eziblwokweni area is formalised so that people residing in that area are able to receive basic services and the Department of Human Settlement is presently assisting on planning of that informal settlement

During the financial year, 2014/2015, the Department of Human Settlement, together with the ELM undertook a second round of reviewing the Elundini Housing Sector Plan (HSP). The review of the HSP has led to a substantive status quo analysis, aiming to meaningfully identify and assess the housing and infrastructure situation as it related to demand, supply and integration.

Importantly so, when reviewing the HSP, much was put on the implementability of desired projects to ensure accelerated development of sustainable human settlement and therefore, for each identified project, a feasibility study was conducted. As a result, the HSP lists all implementable projects as 'planned', whereas the non-implementable ones are reflected as 'desired'. Other housing projects for ELM can also be seen on Section G of this document.

The pivotal foci of the HSP review process were: **integration** – characterised by visits to the broader community, sectorial departments and stakeholders; **inclusivity** – characterised by presentation of the HSP to the municipal Council for endorsements, resulting in ultimate approval of the HSP by the MEC for Human Settlements; and **analysis** – characterised by a study of the human settlement situation, latest statistical data and other relevant documentary evidence. The HSP, with further details on human settlement is attached to this document as an annexure.

The ELM develops its Valuation Roll after every four (4) years and annually prepares the supplementary roll that supports the valuation roll. The Valuation Roll helps the municipality to develop its land audit; verify ownership and value of land and understand the availability of land. Issues of land use management and GIS within the municipality are managed in the Town Planning Section of the municipality. The municipality has no by-law in place that prevents land invasion but uses the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act 19 of 1998 to prevent and minimize land invasion.

In line with the provisions of the Property Rates Act, Act 6 of 2004 the Municipality is required to adopt a revised General Valuation for the 2013/2014 financial year; accordingly the Elundini Local Municipality during the course of April 2013 publicised the valuation roll for a period of 40 days (inspection and objections period), where after the Municipality through the establishment of an appeals board will be effectively dealing with all objections received; the new rateable valuation comes into effect on 1 July 2013 and will expire on 30 June 2017.

Importantly in line with the Property Rates Act, Municipal By- Law and Property Rates Policy, property owners are billed rates monthly which are due and payable within 30 days of date of invoice.

Although the housing provisioning rests with the department of Human Settlement, the municipality together with the officials from the department has identified all blocked and defective housing projects and those that are ready to be implemented. The identified housing projects are located in the urban areas as well as in the prioritized areas.

Of importance to note is that in Elundini Municipality there were no land claims lodged in our municipal area and this was verified by the letter received by the municipality from the Land Claims Commissioner.

4.6. ELECTRICITY

The statistics as per STATS SA 2011 for access to energy is as follows:

4.6.1. ACCESS TO ENERGY: ENERGY FOR COOKING (2011)

Source	Number of houses	Percentage
Electricity	13216	35
Gas	3039	8
Paraffin	7064	19
Wood	13642	36
Coal	67	0,2
Animal Dung	685	2
Solar	36	0,2
Others	33	0,2
None	73	0,3

4.6.2. Access to Energy: Energy for heating (2011)

Source	Number of houses	Percentage for heating
Electricity	4947	13
Gas	680	2
Paraffin	9772	26
Wood	19575	52
Coal	134	0,2
Animal Dung	542	1
Solar	36	0,2
Others	3	0,1
None	2165	6

4.6.3. ACCESS TO ENERGY: ENERGY FOR LIGHTING (2011)

The table below depicts the access to energy for lighting according to source:

Source	Number of houses	%
Electricity	17533	46
Gas	139	0,1
Paraffin	4277	11
Candles	13 127	36
Solar	2613	7
None	165	

Generally the use of renewable energy is still very limited and more education and strategies to encourage communities on renewable are important.

4.6.4. MUNICIPAL SURVEY ON ELECTRICITY

Access to electricity has progressively improved in the last financial year because there has been new electricity connection in some areas of Elundini Municipality. The municipality bills its electricity consumers on a monthly basis. In the year 2013/2014, 372 households were electrified and in 2014/2015, 389 households were electrified totaling in 761 connections for the two (2) financial years. This has resulted in the decrease of 2% from 58% to 56% in electricity backlog.

The municipality was given license by NERSA to supply and distribute electricity to the towns of Ugie and Maclear. The municipality is also providing alternative energy, solar system, to the Wards 4, 8, 11, 12, 13, 14, 15 and 16. The electrification of households is largely dependent on the electrification programme by ESKOM.

The provision of electricity particularly around rural villages of Mt Fletcher, which had the highest backlogs, has always been hampered by the fact that the area was being electrified by ESKOM region from KwaZulu Natal while the other areas are electrified by the East London region and have relatively less backlogs.

The electrification backlogs reflects that there are still 24 005 households still not electrified, equaling 56% of the households in ELM still not electrified. The municipality has planned to electrify 330 households for the financial year 2015/2016 and has planned 761 electricity connections for the financial year 2016/2017.

4.7. TRANSPORTATION

4.7.1. FREIGHT TRANSPORT

Being a rural municipality, freight transport is an important facility for the Elundini. The various businesses and institutions rely on freight transport services to import most of the food, products and goods needed for local consumption. The growing timber industry in the area places a significant burden on the road network and damage to the roads is evident on most routes. National government has developed a strategy around freight transportation through rail systems. A railway line exists within the municipality but is defunct.

A truck stop in Ugie, owned by PG Bison was completed in 2008 and is operational, creating a significant impact on freight transportation in the area. PG Bison has proposed a by-pass route from MR 723 to R56 via Maclear. The estimated volumes and number of loads are as follows:

FINANCIAL YEAR	VOLUME	NO OF LOADS
2012/2013	67,450	2,249
2013/2014	158,253	5,275
2014/2015	175,416	5,847

There are problems that are brought about by the heavy duty trucks ferrying logs in particular between Maclear and Ugie towns resulting in excessive silt on surfaced streets and blocking storm water drainage system. In the process of negotiating a bypass around Maclear with PG Bison, there is a need for PG Bison to provide wheel washing bays for their trucks.

The municipality is also looking at the possibility of constructing a weigh bridge so that the money generated from it can be used back in repairing and upgrading our roads as they are being damaged by the heavy loads carried by the heavy trucks.

4.7.2. PUBLIC TRANSPORT

Related to provision of public transport is the need for basic essential services such as water, sanitation and shelters at key facilities. There is a need to provide these services at all the nodes (rural and urban) as defined in the Spatial Development Plan. Areas with high dependency on public transport especially the primary and secondary nodes should receive priority. These are mostly remote rural of Elundini Municipality.

The municipality currently has no vehicle testing station and a weigh bridge in place but there are plans in place for the construction of these two facilities. It must be noted that the municipality only provides for driving licensing for Code 8 and vehicle registration only on behalf of the Department of Transport.

There is no official taxi rank in Ugie but an informal taxi rank, on the main street is being used. This arrangement is not suitable for commuters and there are no shelters, however there are ablution facilities.

There is a formal taxi rank in Maclear in Fourie Street. This taxi rank functions well as it has shelters and ablution facilities for commuters. The taxi rank is insufficient for all the taxis as taxis can be seen using other areas around town as informal taxi ranks.

The ablution facilities in the Maclear taxi rank are not well maintained and need to be upgraded. There is a plan to close the storm water drain in the south eastern side of Fourie Street with a view to provide hawkers facilities.

During the year 2014/2015 the municipality set aside an amount of R 15 million for the construction of Mt Fletcher Taxi Rank to be completed in July 2016. The facility provides for both modes of transport, taxis and busses and as well has facilities for hawkers through the construction of hawkers' stalls. The facility also has a management building for the operators of the taxis and the busses. Within the management building there is also a provision for two (2) ATMs, should banks be interested to utilize the facility.

The municipality is in discussions with the Department of Public Works to acquire certain underutilized properties, notably Erven 245 and 246 for commercial development which will interface with the taxi and bus rank.

The following modes of public transport are prevalent in the Elundini Municipality:

- ✓ Long distance buses,
- ✓ Mini buses and taxis,
- ✓ LDV bakkies with canopies which also provide scholar transportation,
- ✓ Horseback

Problems relating to public transportation include the following:

- ✓ Non availability of a local integrated transport plan. However the municipality is currently developing such a plan.
- ✓ Poor road conditions.
- ✓ Lack of designated public transport route.
- ✓ Lack of capacity at local authority levels to address public transport planning.
- ✓ Lack of sustainable and dedicated funding for public transport services, facilities and maintenance.
- ✓ Inadequate scholar, disabled and elderly transport.
- ✓ The illegal use of "bakkies" as public transport vehicles.
- ✓ Ageing of minibus-taxi vehicle fleets.
- ✓ Lack of public transport information.
- ✓ Public transport safety and security.
- ✓ Lack of roadworthy testing station

4.7.3. RAILWAY SERVICES

The weekly railway transport passenger services between Johannesburg and the Eastern Cape is only accessible at Burgersdorp to the west and has very little impact on the rest of the area, especially Elundini, which is situated in the east. The branch line which used to serve as a freight and passenger facility no longer operates.

4.7.4. AIRFIELDS

There are two airfields in the area, which comprise grassed surfaces without lighting for night use. The airfield at Maclear is 1790 meters in length and the airfield at Ugie is 1000 meters in length.

4.7.5. NON-MOTORISED TRANSPORTATION

Mostly, pedestrians in the township walk to various destinations, few use bicycles. The municipality has also constructed sidewalks for use of bicycles.

4.8. PUBLIC AMENITIES

4.8.1. SPORTS AND RECREATION FACILITIES

Mt Fletcher and Ugie have facilities which have been built by DSRAC through the project called B.S.R.P. (Building for Sport and Recreation Project). The one built in Ugie has been vandalized. With the high percentage of youth in the population make-up it is essential to provide sports and recreation facilities. The Municipality has adopted a strategic intent to coordinate and support sporting activities through forming strategic partnerships and establishing sporting structure to promote sporting in ELM. The municipality has utilized the MIG funding to rehabilitate the Mount Fletcher sportsfield.

The stadium comprises a combined soccer/rugby field with irrigation system, synthetic running track, tennis court, netball/basketball combi-court, palisade fencing, flood lights, ticketing room, change rooms and ablution facilities. The stadium was completed in the 2012/13 financial year. However, it has not been open to public for use due to the lack of electricity which is necessary for proper irrigation. Engagements and interventions have since been made with Eskom but to date the power supply to the stadium has not been upgraded and energized. Since the stadium has been completed in 2012/13 the facility has been suffering from vandalism by the community.

During the year 2013/14 the Municipality has started the construction of Hopedale Sports Field, planned for implementation over 2 financial years, at a value of R11, 3 million. The stadium comprises 1km access road to the stadium, 2 soccer fields, a rugby field, baseball field, netball court, sabhunga running track, flood lights, palisade fence, grand stand, change rooms, ablution facilities and the kiosk. The project is planned for completion in May 2016.

4.8.2. COMMUNITY HALLS

From the table below, it shows that only 8 wards in ELM have community halls and 9 wards do not have community halls. Some of the halls are either not accessible to the communities as there is no clear-cut policy of utilization or their accessibility is a challenge because of poor roads leading to them. Most rural communities are struggling as there are no halls within their areas of residence. In every community engagement the issues of the construction of community halls is always raised as a need in all the wards that do not have them.

The table below depicts the number of wards that have community halls and those that don't have community halls:

WARD No	NUMBER OF HALLS	NAME OF VILLAGE(S)
01	0	
02	1	Ntokozweni
03	1	Sonwabile
04	2	Ugie Town (to be demolished) and Maclear Town
05	0	
06	0	
07	0	
08	0	
09	1	Mt Fletcher Town
10	0	
11	0	
12	1	Mangoloaneng
13	1	Moabatsane Village
14	0	
15	1	Bethania Village
16	0	
17	1	Ugie Municipal Hall

Except for the Maclear and Mt Fletcher Town Halls, which have recently been renovated, the rest of the community halls are in a state of dilapidation and require emergency repairs.

4.8.3. CEMETERIES

Most of the cemeteries in the municipality are generally nearing maximum capacity and a cemetery management system is required to co-ordinate their effective use. Of critical urgency are the numerous informal cemeteries/grave yards which are being used in and around the informal settlements of the three towns. These burial places are not registered and are not compliant in terms of environmental and other legal provisions such as EIA compliance.

In Maclear, the only possible land for expansion is located on a vacant land owned by Public Works and used by the Magistrates Court. A new cemetery has been reserved on the outskirts of Maclear and this could accommodate 3000 graves. Unfortunately the community is currently refusing to utilize this new facility.

Generally the key challenge regarding cemeteries in the municipality is around communities being reluctant to use formally established cemeteries to avoid paying user charges. They instead resort to using informally established and unplanned cemeteries which must be closed down as a matter of urgency since this severely compromises the natural environment.

4.8.4. POUNDS FOR SMALL AND LARGE ANIMALS

In terms of the powers and functions, pound management is the responsibility of the municipality. Supporting legislation includes the relevant Pound Ordinance which is still applicable.

All three pounds are not in a good state and do not conform to the SPCA standards for animal care. With the exception of the Maclear pound the two other pounds in Mt. Fletcher and Ugie are placed in ideal locations. The Maclear pound is still situated within the office premises of the municipality, something that is likely to

have serious health implications to both staff and municipal visitors. The pound needs to be relocated to an already identified and partially developed pound structure situate on the outskirts of Maclear town.

4.8.5. PARKS AND OPEN SPACES

A lot still needs to be done on the established parks in ensuring that they are well cared for and maintained. Upgrading of these which must include re-grassing, landscaping and fencing are matters which must receive priority attention. Installation of playground equipment as well as outdoor furniture within parks themselves and on pavements are features that have a potential of making our parks practical and user friendly spaces. There still is a challenge of providing secured ablution facilities on our parks to promote health and hygiene. Some of the parks like the one opposite the entrance to the municipal offices may need to be transformed into botanical gardens also in line with the “greenest concept” embraced as part of our strategic goals.

4.8.6. LIBRARY AND INFORMATION AND SERVICES

Libraries are a function of the district sphere of government currently performed by the municipality on an agency basis. To give effect to this arrangement a Service Level Agreement has recently be signed with the district municipality who have committed to funding the services by way of a subsidy to the amount of R1,2m. All three towns operate library facilities through seconded professional librarians assisted by staff appointed by the municipality. Some of the challenges regarding libraries include:

- ✓ Lack of access to internet services (in some libraries)
- ✓ Space constraints (no discussion rooms, offices etc.)
- ✓ Lack of dedicated maintenance plans
- ✓ Adequate funding
- ✓ Non-existence of a Memorandum of Agreement

4.8.7. COMMUNITY SAFETY AND SECURITY

The fight against crime remains a challenge in the municipality and this is exacerbated by a very few number of police stations found in our area. Even those that are available, accessing them still remain a challenge because of our poor road infrastructure and poor telecommunication. There are Safety Forums chaired by Political Head responsible for Community Safety at the district and they sit quarterly. There are only eight (8) police stations in Elundini as indicated by the table below:

POLICE STATION/COMMUNITY SERVICE CENTRE	AREA
Ugie	Ward 2
Maclear	Ward 3
Elands' Height	Ward 4
Katkop	Ward 7
Mbizeni	Ward 8
Mt. Fletcher	Ward 9
Tabase	Ward 13
Zamuxolo	Ward 14

The municipality maintains a service of traffic officials to administer drivers licensing, traffic and parking management. The employment of Law Enforcement Officers has somehow eased the challenge of the implementation of by-laws although they still await their accreditation.

4.9. PRIMARY HEALTH CARE AND MUNICIPAL SERVICES

In terms of the powers and functions, Environmental Health Services is a function of the District Municipality while Primary Health Care services have been provincialised. ELM responsibilities with regard to MHS are in the area of issuing of business licenses to food handling premises as well as registration of general dealers, control of nuisances, overgrown erven, enforcement of related bylaws and National regulations as well as other issues which may affect public health

4.9.1. HEALTH FACILITIES

The ELM is characterised by a lack of access to health facilities as evident by the number of health facilities found in our area. The ELM has only two (2) hospitals and twenty one (21) clinics and four (4) mobile clinics in its area of jurisdiction. Areas that are normally serviced by the mobile clinics are usually those that are hard to reach areas due to either population size and mostly due to poor access roads. The Presidential Project of ideal clinics has been started in three (3) clinics of Maclear Town, Queen Noti and Taylor Bequest who will be functioning for 24 hours. The Emergency Medical Services are also found in Maclear, Ugie and Mt Fletcher. The table below as depicts the location of clinics in Elundini:

Name	Ward No.	Type of Facility	Name	Ward No.	Type of Facility
Empilisweni Clinic (Old location Ugie)	02	Clinic	Khungisizwe (Upper Nxaxa)	07	Clinic
Ngxaza Clinic	05	Clinic	Seqhobong Clinic	13	Clinic
Hlangalane Clinic (Ramatee)	07	Clinic	Sonwabile Clinic	03	Clinic
Hlankomo Clinic	16	Clinic	St. Augustine's Clinic	05	Clinic
Katkop Clinic	07	Clinic	Taylor Bequest Hospital	09	District Hospital
Maclear Town Clinic	03	Clinic	Taylor Bequest (Solomzi)	09	Clinic
Maclear Hospital	03	Hospital	Ugie Town Clinic	02	Clinic
Mangoloaneng Clinic	12	Clinic	Ulundi Clinic	14	Clinic
Bethania Clinic	15	Clinic	Umnga Flats Clinic	01	Clinic
Mqokolweni Clinic	06	Clinic	Ncembu Clinic	01	Clinic
Queen Noti Clinic	06	Clinic	Gqaqhala Clinic	17	Clinic
Lower Tsitsana	04	Clinic			

A large number of people in Elundini remain without access to healthcare as there is no mobile service in the Mount Fletcher and the Ugie mobile service is not in operation. In the areas where the mobile clinic is operational, the poor conditions of the roads make it impossible to access some communities. Maclear has 131 mobile visiting points, but only frequents 120 because of the bad road conditions.

There are on-going District Health Council (DHC) meetings which are held monthly in order to discuss plans to roll out primary health care facilities for better and equitable access. Possible extensions to the Ugie Clinic with a view to transforming it into a 24 hour facility/health center are as reportedly being considered by the provincial Government.

It is too expensive for all of the communities to access the fixed health facilities in town. This means that they can't attend preventive services such as immunization for children and family planning.

The plan overleaf indicates the spatial location of community facilities in the form of clinics, hospitals, police stations and schools in the Elundini Municipality. Challenges that characterize the functioning of some health facilities in Elundini include, but not limited to, the following:

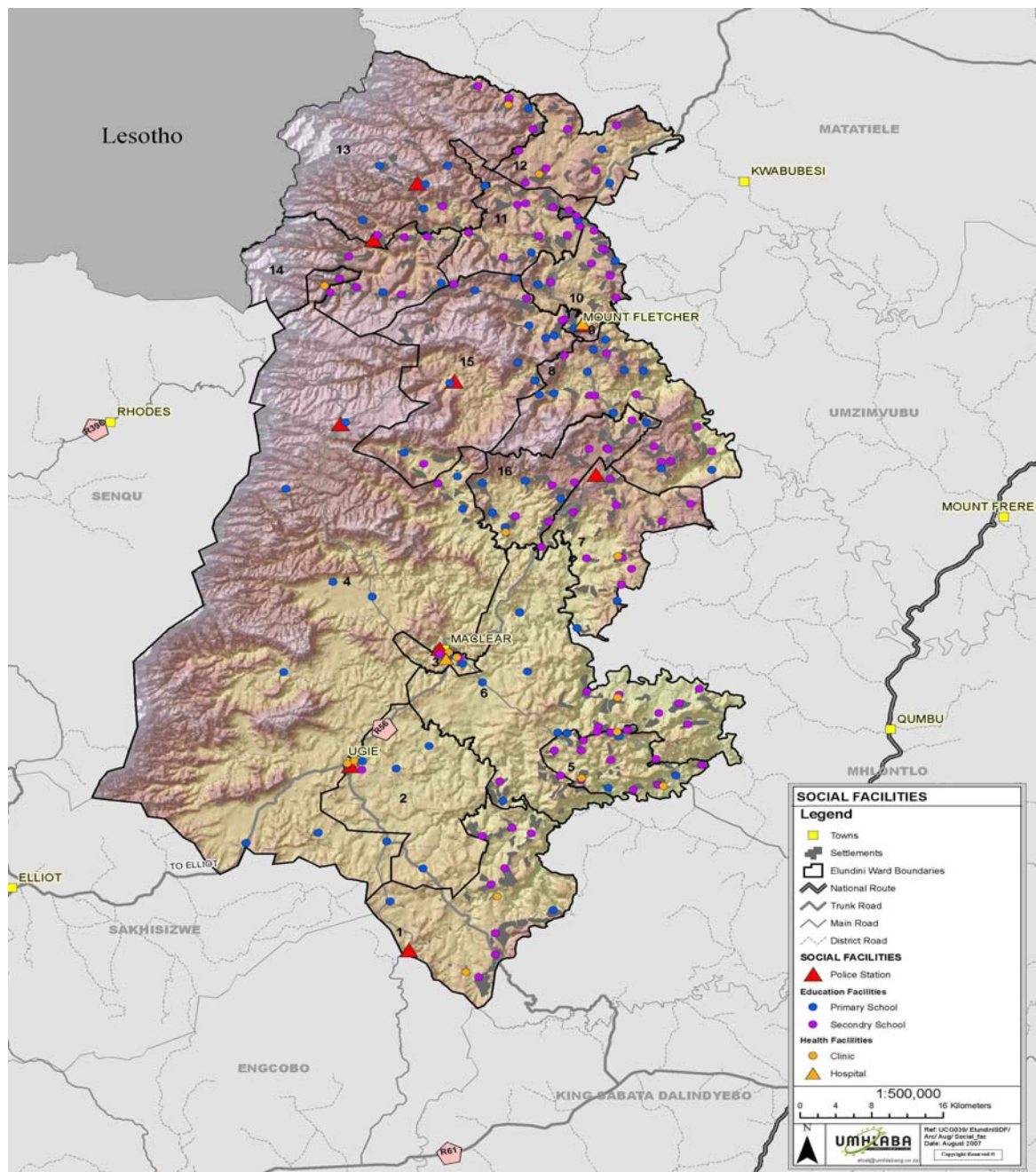
- ✓ Shortage of staff
- ✓ Lack of running water;
- ✓ Lack of telecommunications;
- ✓ Poor access roads;
- ✓ Lack of electricity;
- ✓ Continuous overflowing of sewerage ponds in clinics around Mt Fletcher;

4.9.2. PRIORITY HEALTH PROMOTION

The priority programmes are HIV and AIDS, TB and mother and child services. There are community based initiatives aimed at prevention of disease and promotion of healthy lifestyles. The district area is implementing the 5 priority health promotion campaigns of nutrition, substance abuse, tobacco, use of healthy environments and risks.

In addressing the HIV/AIDS, the ELM has developed HIV/AIDS Strategy which was adopted by Council. In as far as implementation of the plan, the Local Aids Council has been established and launched. It is constituted by role players from different sectors of community including, Health, Business, other Govt. Dept., Community workers and HIV/AIDS activists/groups. The ward based HIV/ AIDS forums have also been establish across 16 wards in ELM. The HIV/AIDS programme in Elundini is politically championed by Portfolio Head Community Services and administratively executed in the Office of the Municipal Manager.

MAP OF SOCIAL FACILITIES



4.9.3. ECOLOGICAL ENVIRONMENT SCANNING

ITEM	ISSUES	IMPLICATIONS /DISCUSSION	WEAKNESSES	STRENGTHS
1. Global/National Characteristics	Environmental Legislation	<ul style="list-style-type: none"> ➤ South Africa has various pieces of legislation geared at ensuring that human activities do not compromise the integrity of the natural environment. They are mainly focused at ensuring sustainable development initiatives which will benefit present and future generations ➤ Local government specifically has certain obligations with regards implementation of such legislation to give effect to mainly the South African Constitution (objects of Local Government) 	<ul style="list-style-type: none"> ➤ Lack of clear understanding/interpretation of relevant environmental legislation and capacity to implement such legislation as applicable (institutional arrangements) 	<ul style="list-style-type: none"> ➤ Local government is obliged to conduct its administration in such a responsive and responsible manner as its resources allow, namely it can develop bylaws, policies & SOP geared at ensuring compliance with environmental legislation
			THREATS	OPPORTUNITIES
			<ul style="list-style-type: none"> ➤ Sustained & unchecked land degradation, hampering prospects of future development & economic growth ➤ Litigation & non-compliance resulting in heavy fines/imprisonment ➤ Poor image resulting from environmental disasters 	<ul style="list-style-type: none"> ➤ ELM is not a built up environment, i.e. congested with heavy industry and has vast pristine environments which can be conserved. ➤ Environmental Management Plans can be developed to ensure guided use of the natural space ➤ Existence of good recruitment policies (to attract environmental specialists)
	International Treaties	<ul style="list-style-type: none"> ➤ South Africa is a signatory to many international environmental accords relating to Green House Gas (GHG) emission reduction targets, sustainable development, and renewable energy targets etc. It is a Country regarded as the 13th 	WEAKNESSES	STRENGTHS
			<ul style="list-style-type: none"> ➤ Lack of knowledge of international targets and National framework /capacity to assist local government towards giving effect to the 	<ul style="list-style-type: none"> ➤ The largely forest dominated areas and non-industrialization offer opportunities for carbon footprint reduction ➤ Research is easily available

		<p>largest GHG emitter/polluter in the World and no.1 in Africa</p> <ul style="list-style-type: none"> ➤ Kyoto protocol, WSSD, IPCC etc. are but a few signed treaties 	<p>targets</p> <ul style="list-style-type: none"> ➤ Un used land parcels 	<p>on these targets (functional ITC system)</p>
			<p>THREATS</p> <ul style="list-style-type: none"> ➤ Poor image (violation of international treaties) ➤ Global warming resulting in severe droughts, floods, adverse public health effects etc. ➤ Unsustainable environments 	<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> ➤ Twinning arrangements/benchmarking with compliant municipalities/entities ➤ Availability of undeveloped and (un-spoilt) land for Investment attraction i.e. (industry/manufacturing) ➤ Job creation through green initiatives (renewable energy alternatives, EPWP projects)
	Underdevelopment (degraded environments)	<ul style="list-style-type: none"> ➤ Former TBVC areas are characterized largely by degraded and uncared for environments due to underdevelopment i.e. eroded land, poor waste management practices, illegal mining etc. ➤ Most of these areas have land previously used for agricultural purposes which has been allowed to degrade (dongas etc.) ➤ Alien invaded land parcels 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> ➤ There is no EMP to protect sensitive environment & map out already degraded and how they should be rehabilitated ➤ Poor landfill operations/monitoring of permit conditions ➤ Lack of environmental awareness to the public in programmes relating to wetlands, littering etc. 	<p>STRENGTHS</p> <ul style="list-style-type: none"> ➤ Undeveloped land parcels which can be rehabilitated and used to advance the local economy ➤ Municipalities have powers and authority to legislate on local matters to protect its own environments ➤ There is a dedicated department to champion environmental issues ➤ Municipalities have powers over land use practices
			<p>THREATS</p> <ul style="list-style-type: none"> ➤ Loss of useable/productive land for various economic benefit to locals 	<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> ➤ Poverty alleviation projects for rehabilitation of degraded environments/eradication of

			<ul style="list-style-type: none"> ➤ Irreversible land degradation/high rehabilitation costs ➤ Destruction of wetlands (loss of ecological life/biodiversity) 	alien plants <ul style="list-style-type: none"> ➤ Landscaping & beautification initiatives ➤ Conservation of indigenous plant and animal species
	Legislation Enforcement	<ul style="list-style-type: none"> ➤ Passed legislation (environmental) is enforceable through Environmental Management Inspectors (EMIs) ➤ Some legislation is enforced through various sector departments e.g. compliance with Landfill permits by Department of Environmental Affairs and others. ➤ Although such arrangements are in place they however are seldom visible, with the result that many environmental transgressions by ordinary individuals, government departments, municipalities as well as business go without notice and or punishment. 	WEAKNESSES <ul style="list-style-type: none"> ➤ There is generally no capacity (proper institutional arrangements) at local government levels to ensure speedy and effective resolution of environmental transgression let alone awareness on these types of transgressions ➤ At worst environmental issue do not enjoy deserving prominence in municipality owing to lack of environmental champions 	STRENGTHS <ul style="list-style-type: none"> ➤ The correct legal framework is in most cases in existence, i.e. policies, bylaws etc. ➤ Appointment of suitable law enforcement officials is made possible by existing recruitment procedures
			Threats <ul style="list-style-type: none"> ➤ Breakdown of law and order 	Opportunities <ul style="list-style-type: none"> ➤ To be a leading municipality in the region in terms of environmental legislation enforcement ➤ Orderly and sustainable opportunities able to support long term local economic objectives

NB: The correct basis is to agree that we may probably have failed to deliver on the previous key strategic issue relating to the environment, i.e. 'Elundini Goes Green' or "Cleanest Towns & Cities". The reason for this failure can be attributable to the fact that no clear mechanisms and or support systems were thought out as necessary vehicles to achieve the "cleanest towns & cities" concepts. The latter just became a slogan without any clear commitments.

The above identified "issues" warrant that the municipality considers embarking on recycling initiatives [ELM creating suitable infrastructure for recycling, recycling drive education and public awareness, creation of recycling SMMEs as well as household recycling incentives] like:

- ❖ Office paper recycling
- ❖ Poverty alleviation environmentally related projects [EPWP style]
- ❖ Introduction of a shift system to ensure the ideal of clean cities is realized

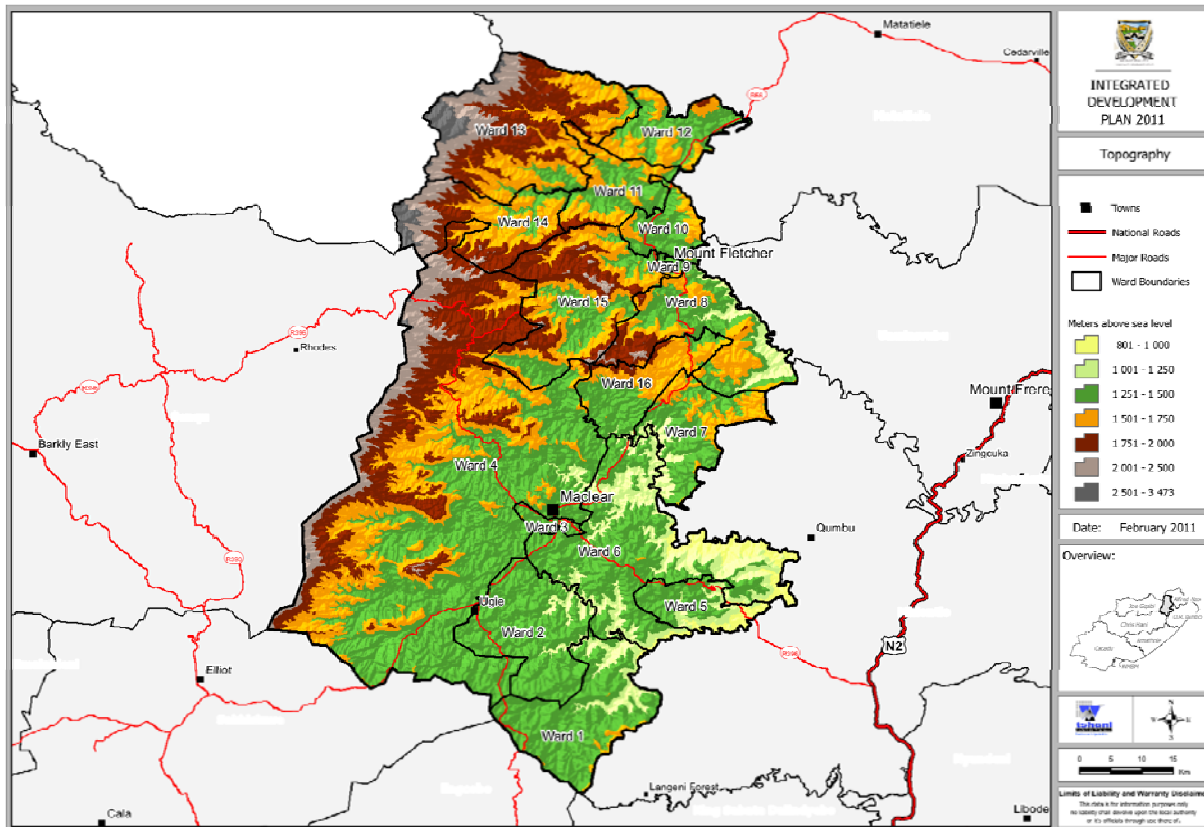
All together these initiatives can make a huge contribution in reducing our carbon footprint as a municipality to mitigate the otherwise environmentally destructive unintended consequences resulting from community and municipal processes.

Successful implementation of the above listed initiatives has with it a possibility of yielding that which the municipality set out to achieve but failed in the previous strategic session, namely enjoying leaving in cleaner towns and cities.

4.10. NATURAL ENVIRONMENT

4.10.1. TOPOGRAPHY AND HYDROLOGY

The municipal area has a distinctive topographical character with mountain ranges along the western side overlooking a central plateau, giving way to an escarpment sloping down towards the eastern side and the lower reaches of the Tsolo and Mthatha regions. Much of Elundini has slopes steeper than 1:8 as it forms part of the southern Drakensberg range. This area located along the north and western side of the municipality, due to its high altitude, is unsuitable for arable farming. The mountainous terrain also limits accessibility and therefore hampers service and infrastructure delivery in the region. The Southern Drakensberg creates a scenic environment conducive to adventure and nature tourism activities such as mountain biking, hiking, skiing etc. The mountains form a watershed and separate the eastern and western parts of the Joe Gqabi district.



MAP SHOWING ELEVATION AND TOPOGRAPHY

Topography influences the type of land use activities that occur, the nature and extent of settlement development and the type of agricultural activities, which are viable. Agriculture is accordingly limited to specific land pockets in the central, southern and eastern portions where the topography, water and soils are very suitable for agriculture and residential uses.

4.10.2. CLIMATE AND RAINFALL

The region is well known for its temperature fluctuations with temperatures ranging between 42 degrees centigrade and 11 degrees centigrade. On average there are 150 days of frost during the year, usually between March and November and winter snow in Maclear and the higher lying areas. The higher mountain peaks in Elundini have between 800mm – 1200mm rain per annum. The rest of the area receives an average of 600mm-800mm per annum. This municipality forms the catchment for the Umzimvubu River, which bisects the region and supplies large volumes of water down to the Indian Ocean.

4.10.3. GEOLOGY AND SOILS

The Elundini Municipality is the only area with soils suitable for cultivation in the JGDM. However, degradation is high in the communal land areas of Elundini with the primary cause found to be the overstocking of livestock and inappropriate grazing methods. The provision of infrastructure to enable the practice of controlled grazing is necessary to prioritise the rehabilitation of severely degraded areas.

4.10.4. VEGETATION AND LAND COVER

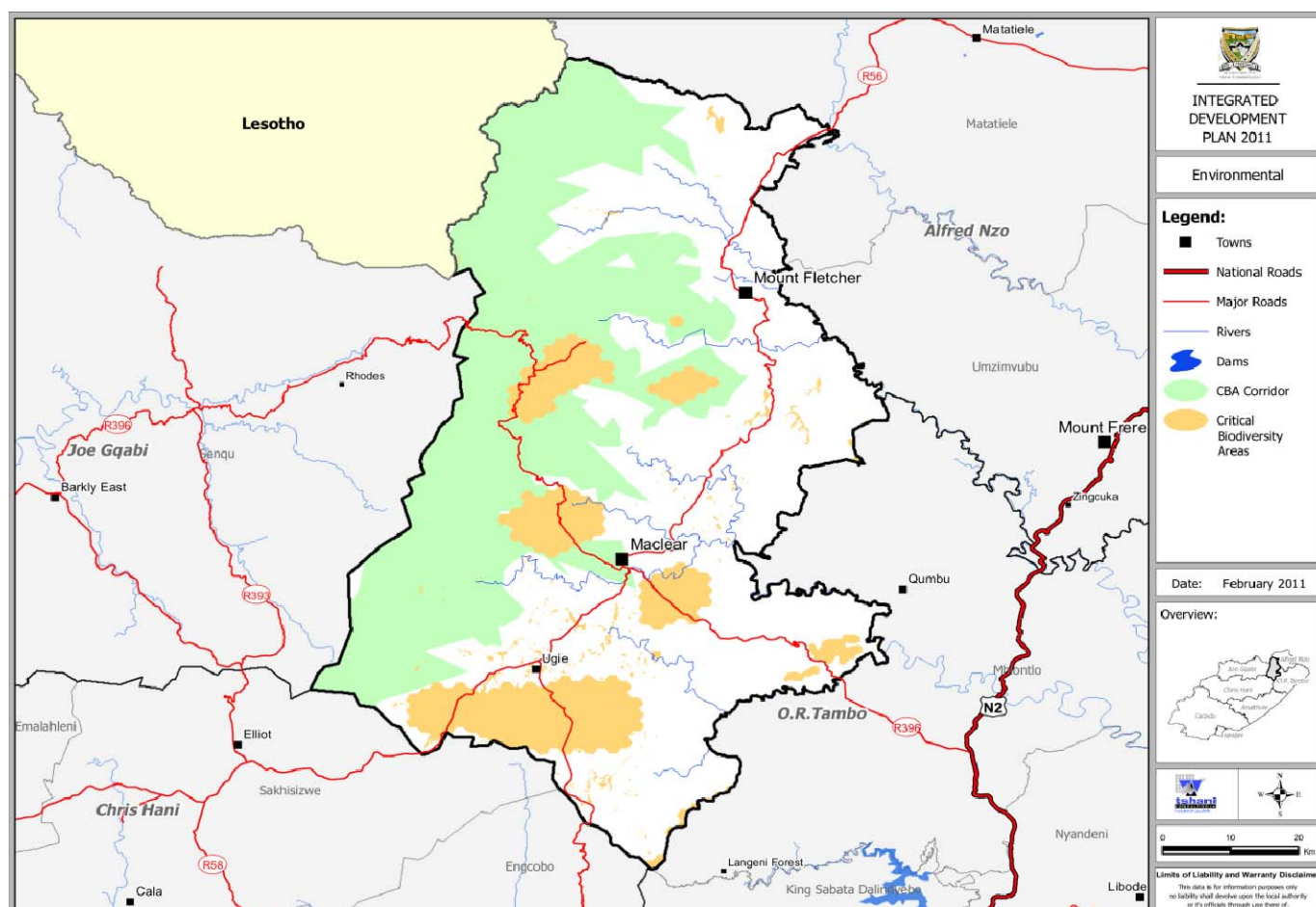
Vegetation types represent an integration of the climate, soils and biological factors in a region and as such are a useful basis for land use and conservation planning. Unimproved Grassland dominates the Municipality,

covering 56.40% of the total surface area. This is followed by Degraded Unimproved Grassland (22.70%) and Semi- Commercial or Subsistence Dryland Cultivation (10.56%). The State of the Eastern Cape Province Report (2010) highlights the serious impact of settlement sprawl that is taking place throughout most rural areas, with an increase of 47% in the cover of built up areas compared to the year 2000. Coupled with this sprawl of settlements, is the depletion of resource areas by an estimated 33% and this is expected to have a serious effect on future sustainability of rural communities.

4.10.5. CRITICAL BIO-DIVERSITY AREAS

The Eastern Cape Bio-diversity Plan has analyzed the characteristics of the various environmental attributes throughout all municipalities. The critical bio-diversity areas in Elundini have been identified (refer to map below) and these need to be conserved for the benefit of future generations and preservation of the ecological balance in the area. These are primarily associated with the environmental sensitivity of the mountain range and foothills near Maclear and Ugie. It is of paramount importance that the critical biodiversity areas be reflected in the Spatial Development framework for Elundini so as to ensure effective land use management is achieved in future, in accordance with the requirements of the National Environment Act and the Provincial Spatial Development Plan.

MAP SHOWING CRITICAL BIO-DIVERSITY AREAS (SOURCE: ECPSDP 2010)



4.10.6. CLIMATE CHANGE

Although the municipality does not have Climate Change Response Strategy in place, climate change is affecting the municipality as the drier climate in the west moves towards the central portions of the Province and wetter, higher rainfall and more frequent storms affect the eastern regions. The mountainous character of the region also has a bearing on the effects of climate change over time. The drier regions will experience loss of biomes and find water resources under increased pressure over time.

The eastern regions are expected to experience increased rainfall. This is already being seen Elundini in the form of increased storm activity resulting in disasters affecting settlements, roads and bridges, buildings, crops and livelihoods. Flooding, high winds and hailstorms are increasing in severity. Higher rainfall is also affecting the incidence of pests in the agricultural sector. Preliminary studies conducted have also shown that the municipality can consider wind for electricity generation.

Higher temperatures as a result of global warming could affect the growing characteristics of trees to the extent that certain species may no longer be viable for the forest industry in the area. If this occurs, there may be impact on the forestry sector and the municipal economy.

The municipality has implemented the following programmes/projects that have a contribution to climate change:

- ✓ Non-motorized transport system;
- ✓ Installation of solar geysers to low cost houses in Mt Fletcher;
- ✓ Recycling projects;
- ✓ Greening programmes

4.10.7. DISTRICT ENVIRONMENTAL MANAGEMENT PLAN

According to the District Environmental Management Plan 2011 (EMP) there are several environmental challenges, which have important implications for the Elundini Municipal area. These are described below.

4.10.8. EROSION

Degradation is high in the communal land areas of Elundini, and in small pockets within the Maletswai and Gariep local municipalities, with the primary cause found to be the overstocking of livestock and inappropriate grazing methods. The municipality together with the Department of Rural Development and Agrarian Reform has implemented a program in Ward 6 for land rehabilitation. The Department of Agriculture estimates that between 300 and 400 tons per hectare of soil are lost annually in the District. In addition to the provision of infrastructure to enable the practice of controlled grazing, the EMP recommends it is necessary to prioritize the rehabilitation of severely degraded areas.

4.10.9. BIODIVERSITY CONSERVATION

According to the EMP, mountain areas contain a high number of endemic species, and have been identified as being important for the protection of biodiversity and ecosystem services. Grasslands dominate the district, but in general they have been severely degraded and transformed areas dominate much of the landscape, as revealed by the Eastern Cape Biodiversity Conservation Plan (ECBCP).

An opportunity therefore exists to formally protect the remaining intact grasslands, especially those classified as vulnerable and endangered, to ensure the important ecological functions they play in this area are preserved, and to build on the attractive and ecologically important landscape for tourism. One of the most

important ecological ecosystem services provided by the district is the provision of good quality water, and the large numbers of wetlands found in the upper elevations within a range of vegetation types are critically important in this regard. The EMP suggests there is an opportunity to apply Payment for Ecosystem Principles for water resource protection therefore exists to ensure the protection of vegetation types dominated by wetlands.

4.10.10. THREATS TO BIODIVERSITY

The EMP states the unsuitable agricultural practices such as increasing irrigation in areas of poor soils and cash crop cultivation in marginal areas, is another threat to biodiversity in the Elundini area. The continuation of degradation of the District's land cover increases erosion. This is especially evident in Senqu and Elundini, but also prevalent in Gariep and Maletswai where there is an increase of the Karoo scrubland. Unsustainable agricultural practices such as increasing irrigation in area of poor soils also contribute to erosion and undermine cash crop cultivation in marginal areas. Very little is being invested into land-care in proportion to the amount of degraded land. Ongoing urbanization and the growth of informal settlements around urban centers is increasing pressure on the environment and stretching infrastructure beyond capacity limits. The municipal area has no dedicated persons looking at environmental issues. Fire, especially in the grassland areas to the east of the District is another factor affecting the environment.

4.11 WASTE MANAGEMENT

The municipality has a Cleansing Unit as part of community services department which is charged with the responsibility of Solid Waste Management. The unit is responsible for refuses collection, street cleaning, and waste information or waste data management, recycling, awareness and landfill site management. The Municipality does not have an IWMP but is featured in the district IWMP of Joe Gqabi District Municipality. In this regard the Municipality intends to develop, adopt and submit an IWMP to the MEC (DEDEAT) before the end of the 2015/2016 financial year.

(a) WASTE COLLECTION

The refuse removal service only focuses in the CBD and peri-urban areas of Elundini Municipality. The Municipality provides a weekly waste collection service to all the households and daily service to businesses in Maclear, Ugie and Mt. Fletcher. Receptacle bins/black bags are supplied to residents. In residential areas, bags are placed in the kerb outside the house and collected from there by municipality.

The municipality provides daily refuse collection services in town (business), street sweeping and cleaning. The department introduced a shift system to ensure that our three towns are clean at all times especially after working hours and early hours of the morning. There are also skip and sidewalk bins placed at strategic points in Mt. Fletcher, Ugie and Maclear town to ensure that Businesses and people have access to them and ultimately reduce levels of littering

(b) FREE BASIC SERVICES

The ELM adopted Indigent Support Policy which it reviews annually. The basic principles of this policy are captured by indicating that the policy is to ensure that poor households are not denied their constitutional right of access to services, the Elundini LM is required to implement an indigent support policy that makes adequate financial provision to ensure the provision of efficient and sustainable services to all residents within the area of jurisdiction. The indigent policy is intended to provide poor households on-going access to a specified level of service. The subsidies contained in the policy should not compromise the quality or

efficiency of service delivery. The municipality currently provides free basic refuse removal service to poor households.

(c) WASTE DISPOSAL/LANDFILL SITE

Elundini Municipality has three permitted waste sites namely: Maclear transfer, Ugie and Mt. Fletcher landfill sites. The three sites came into operation in 2004. The Elundini municipality entered into PPP agreement with Interwaste (PTY) Ltd. Interwaste started operating and managing the sites on the 1 July 2014. The main responsibility of Interwaste is the operation and management of Ugie and Maclear waste disposal sites and to ensure that the permit conditions of the waste facilities are adhered to. The Maclear landfill site is utilised as a transfer station, while Ugie and Mt. Fletcher are being utilised as disposal sites. Mt. Fletcher landfill site will be incorporated into the broader PPP agreement in 2015/2016 financial year.

Other responsibilities for Interwaste in the operation and management landfill sites, is to provide monthly reports on waste volumes and also ensure that the Sites are operated in accordance with the permit conditions. The Municipality regularly visits the sites to ensure compliance with the Permit Conditions of the Sites and the terms of the Contracts with Interwaste.

(d) RECYCLING

The establishment of Ugie MRF was funded by Department of Environmental Affairs. The project was approved and funded under Environmental Protection and Infrastructure Programmes (EPIP). The project was approved with a total budget of R 9 500 000.00. The construction of the Ugie MRF is one of the deliverables of the uKhahlamba Waste Disposal Project.

The Elundini Municipality signed a MOA with the Department of Environmental Affairs. The project is described as EC – Ukhahlamba Waste Management and food Gardens. The main objectives of the project is to contribute to the improvement of the quality of life of local communities, contribute to job creation and contribute to the utilization of local labour. Also, the Ugie MRF is constructed with the aim to promote waste minimization and recycling in the towns and to create employment opportunities.

The MRF forms part of recycling component of waste management and will contribute towards local economic development and increase the lifespan of landfill site.

The Community Services Department is in the process of facilitating the appointment of two cooperative to operate the MRF.

(e) EDUCATION AND AWARENESS

The Elundini Municipality has initiated programmes to increase awareness concerning waste management and particularly to promote a cleaner environment to live in, in and around urban areas. The main purpose of the programmes is to raise awareness and educate Elundini Municipality residents/community about issues related to cleanliness, waste, environmental management and sustainable development. The waste management awareness focuses on the anti-littering programmes for the public/clean up campaigns. The Municipality intends to hold a minimum of two Campaigns per year in order to influence community mind set on waste and environmental management matter.

The Municipality is an active participant of the Climate Change, Waste and Environment SALGA Forum, DEDEAT Waste Management Forum and the Joe Gqabi District Waste Forum.

(f) THE ACHIEVEMENTS IN THE WASTE MANAGEMENT PROGRAM

- Introduction of shift systems in Maclear, Ugie and Mt. Fletcher
- Purchase of 4 ton truck to improve refuse collection service in Maclear township
- Additional 250 low income households are benefiting from the service
- Purchase of vehicle tracking system
- Purchase and installation of sidewalks street bins in Ugie, Maclear and Mt. Fletcher
- Municipality is implementing PPP agreement which aims at addressing the noncompliance and non-adherence to permit conditions of Landfill sites
- Two internal landfill audits were conducted and external audit will be conducted August 2015.
- Construction of MRF in Ugie will facilitate and coordinate recycling initiatives and will contribute to local economic development
- Incorporation of the Youth Jobs in Waste Beneficiaries in Municipal Operation of the Cleansing Unit

(g) CHALLENGES

- Inability to extend basic waste/lack of refuse removal services in rural areas
- Lack of Integrated Waste Management Plan
- Challenges with proper implementation of the shift system
- Ugie MRF has not electricity and water supply

4.11.1 BY-LAWS AND ENFORCEMENT

The municipality has promulgated waste by-laws. Due to lack of enforcement of waste by-laws, there are numerous sporadic cases of illegal dumping. Even though these are usually identified and cleared they soon reoccur due to lack of enforcement.

Areas of prioritized intervention include the following: develop Local Integrated Waste Management plan; expansion of refuse removal service to rural areas and bylaw enforcement.

Due to lack of enforcement of waste by-laws, there are numerous sporadic cases of illegal dumping. Even though these are usually identified and cleared they soon reoccur due to lack of awareness and enforcement. At times community members with full knowledge and access to regular collection service still dump their waste indiscriminately.

4.11.2 AIR AND NOISE POLLUTION

The municipality does not have an Air Quality Management Plan in place and will have to consider developing the plan in order to manage air pollution in the area given the operations by P.G Bison where there is a lot of air pollution taking place and also because of the envisaged wool manufacturing to be established in the area of Mt Fletcher. This plan will also ensure that air and noise pollution, especially in urban areas are effectively monitored by-laws are enforced.

4.11.3 SEWAGE SPILLAGES

Sewerage spillages (water and land pollution) are also monitored. These are the most frequent type of environmental pollution. Unfortunately, their frequency is very high especially in the central business district

of Maclear town due to lack of bulk services capacity, poor management and insufficient funding for maintenance.

4.11.4 ENVIRONMENTAL OPPORTUNITIES

Some areas of the District area are endowed with scenic beauty that has significant potential for agriculture and tourism sectors. In addition, a number of endemic species contributes to the potential of the District. In addition, climatic, soil and topographic aspects show that Elundini has an environment more suited to a variety of agricultural activities.

Finally, the Environmental Management Plan recommends a set of Environmental Action Plans for implementation:

- ✓ Alien Plant Species Management Plan;
- ✓ Conservation Strategy;
- ✓ Climate change: Adaptation and mitigation strategy;
- ✓ Land Management: Erosion rehabilitation programme;
- ✓ Land Management: Rural sprawl;
- ✓ Investigation of Renewable Energy and Energy Efficiency technologies in JGDM;
- ✓ Fresh Water Quality Monitoring and Reporting Programme;
- ✓ Wastewater Treatment Works (WWTW) Effluent Water Quality Monitoring and Reporting Programme.
- ✓ Proper waste management practices

4.11.5 SOUTHERN DRAKENSBERG SUSTAINABLE DEVELOPMENT AND CONSERVATION STRATEGY

The Southern Drakensberg Sustainable Development and Conservation Strategy, developed for the Elundini and Senqu Local Municipalities, has the following vision: “Improving the quality of life for all by facilitating sustainable economic opportunities in balance with the environment”. This long-term developmental vision contains the following key principles:

- ✓ Improving quality of life
- ✓ Facilitating local economic development
- ✓ Sustainability
- ✓ Creating opportunities
- ✓ In balance with the environment

These principles enforce the strategy’s primary objective which is to investigate the opportunity to unlock the economic potential of the region in a sustainable manner. It aims to strengthen the environmental sustainability of the IDP’s and SDF’s and address key structural and systems issues that are inhibiting the economic potential of the area.

The overarching goal of this strategy is to improve the quality of life of individuals in the eastern portion of the JGDM. These goals are influenced by the principles of sustainable development with the strategy using the moderate to strong definition of sustainable development which entails the improvement of human and social capital without the loss of natural capital. Through this sustainability process the strategy aims to conserve all forms of capital in the area i.e. Natural, Human, Social, Financial, and Manufactured capital.

To achieve these goals the Southern Drakensberg Sustainable Development and Conservation Strategy identified five strategic pillars. These pillars are:

- ✓ Sector Development

- ✓ Environmental Management
- ✓ Investment in Infrastructure
- ✓ Creation of Strategic Partnerships and Institutional development
- ✓ Human Resource Development

4.11.6 TSITSA RIVER BASIN LAND USE AND ENVIRONMENTAL MANAGEMENT PLAN

The Tsitsa River Basin Land Use and Environmental Management Plan were commissioned by ASGI-SA Eastern Cape, Elundini and Mhlontlo Municipalities to investigate possible development opportunities in the Tsitsa River basin area. The study was in response to a need for commercial land use developments in the catchment area that could assist in alleviating poverty in communal areas. The first phase of the study was to undertake a Situation Assessment of the whole catchment that could be used to inform the planning process.

As part of this situation assessment, a number of potential land use development options suitable to the area were identified. The completion of the Situation Analysis was then followed by a more detailed land use planning process for a part of the Tsitsa River Catchment referred to as the focus area. This area was located in the middle of the catchment in the poverty stricken communal areas along the banks of the Tsitsa River and included 15 specific villages and eight Administrative Areas. A Land Use Planning Report was the final outcome of the study.

The study analyzed the status quo within administrative areas within Mhlontlo and Elundini that fell within the focus area. In Elundini these included Mqokolweni, Qurana and Sinxako all falling within Ward 6. The study considered the impact of the development of a dam, which would inundate 2,293ha of land with water. Mqokolweni and Sinxako are both areas that would lose land if a dam was constructed. The study looked at the possibility of interventions in these areas and the priority assigned to them by community representatives, these interventions included Forestry development.

4.11.7 WASTE COLLECTION SERVICES: REFUSE REMOVAL (2011)

SOURCE	NUMBER OF HOUSES	%
Removed by local authority once a week	4646	12,3
Removed by local authority less often	548	11,4
Communal refuse damp	615	1,6
Own refuse damp	24 429	64,5
No rubbish disposal	7048	18,6

Elundini LM has addressed the issue of unlicensed landfill sites since 2007 when the first LED Strategy was compiled. There are capacity issues with the expansion of the existing waste site at Ugie, however a programme for recycling has been put in place and it is hoped that this will reduce the volume of waste entering the site. The recycling programme is to be a Public Private Partnership (PPP). Landfill sites abound in the rural areas where refuse is not collected.

4.12 DISTRICT DISASTER MANAGEMENT PLAN

The District has formulated a Disaster Management Framework, a generic Disaster Management Framework and a Corporate Disaster Management Plan. These plans are used by the District to exercise its powers and conduct its duties in disaster management. The District Disaster Management Centre is developing a Scientific Based and Proven District Disaster Management Plan. This quantifies various risks, and provides strategies on

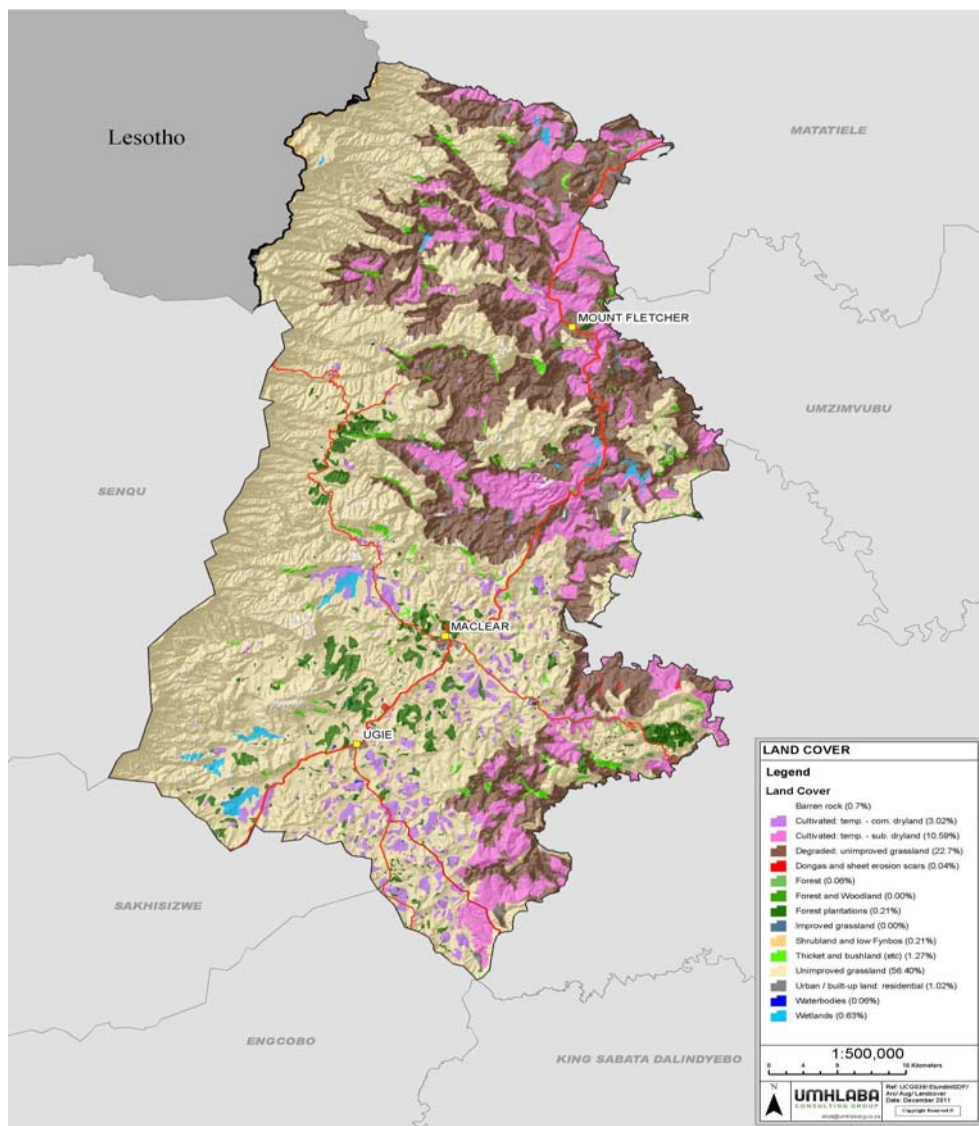
how to identify and classify risks, ensures proper prevention, mitigation and response mechanisms, which are to be managed by all stakeholders. The municipality does not have its Disaster Management Plan at the moment and intends developing it when resources avail themselves. The municipality has also reviewed its organogram to include Fire and Disaster Management.

4.13 SPATIAL PLANNING

In terms of Section 35 (2) of the Municipal Systems Act, the Spatial Development Framework for Elundini has statutory status and overrides any other plan for the area or portions of the Elundini Municipality that may have been compiled previously and which is described in the Physical Planning Act (Act No. 125 of 1991). Such plans would include regional development plans, regional structure plans and more localized plans such as Urban Structure Plans. As such, the Elundini Spatial Development Framework becomes the principle instrument for forward planning and decision-making on land development in the Elundini Municipal area. The ELM SDF was adopted by Council on August 2012 with **Council Resolution Number CON/163/12**.

SPATIAL PLANNING ELEMENTS

4.13.1 LAND USE PACKAGE



The land cover pattern is largely determined by topographical and climatic factors. However, past political engineering, current tenure arrangements and population densities have impacted on the type of land cover.

An overall view of land use (cover) in Elundini LM indicates the following:

- ✓ Unimproved grassland dominates the Municipality, covering 56.40% of the total surface area. This is followed by degraded unimproved grassland (22.70%) and semi-commercial/subsistence dry land cultivation (10.56%)
- ✓ The presence of grasslands indicates the potential for livestock and game farming in the agricultural economy of the area.
- ✓ A concern however, is the fact that some 23% of the total land area is classified as degraded/eroded. The majority of this area falls within the rural settlement areas of the former Transkei. This is indicative of:
- ✓ An imbalance between the resident population and the available land resource; and/or
- ✓ Inefficient land management practices in regard to agricultural activities. In this instance, it is likely that overstocking and overgrazing is largely responsible for the state of the land.
- ✓ The importance of agriculture in the region is highlighted by the fact that 6.3% of the land cover is forestry and commercial farming, with a further 10,56% subsistence farming.
- ✓ Land upon which urban development and/or human settlements have been developed comprises only 1.02% of the total land area, which is indicative of a low-density settlement pattern. This emphasizes the opportunity presented now by ensuring that future development is undertaken in an environmentally friendly manner, so securing the greatest asset of the area for future generations.
- ✓ Of environmental significance is that wetlands cover 0.62% of the Municipal area.

4.13.2 LAND OWNERSHIP

Plans illustrate the current land ownership patterns prevailing across the municipal area, as well as within the main urban settlements. The following points are noted:

- ✓ There is a lack of ownership information for the urban areas in particular the town of Mt. Fletcher.
- ✓ From the information that is available, it is evident that the majority of land ownership is private
- ✓ The distribution of land ownership indicates that any meaningful land reform programme to be pursued in the Elundini LM area will be reliant on restitution and land redistribution programs.

4.13.3 DEVELOPMENT PRIORITIES IN ALIGNMENT TO SPATIAL FRAMEWORK

The development priorities of the municipality focus on infrastructure and service delivery. The situational analysis revealed that there is a severe shortage of essential services and infrastructure in some areas of Elundini, especially in the former Transkei. There are also discrepancies in the service delivery between the rural and the urban areas. The spatial implications in providing these basic essential services and infrastructure are:

- ✓ To identify the areas in greatest need of basic essential services and those areas must be prioritise for level one investment.
- ✓ To provide affordable and sustainable level of housing, services and infrastructure.
- ✓ To ensure that the environmental factors and constraints are taken into account in the delivery of services .
- ✓ To ensure equitable distribution of infrastructure and services.

4.13.4 ADDRESSING SPATIAL FRAGMENTATION

- ✓ Spatially fragmented settlement patterns, often comprising of low density, sprawling settlements areas are costly and difficult to service. Therefore, it is necessary to develop a means to prioritise

service delivery and attempt to encourage more efficient settlement patterns by focusing on areas of potential and/or greater accessibility.

- ✓ The urban nodes of Ugie, Maclear and Mount Fletcher play a vital role in the functioning of the Municipality. It is where the largest concentration of economic activities, resources and services are situated. In order for the effective utilization of these resources and services, it is important that the towns' forms promote efficiency. In order to achieve this, the following principles need to be adopted, the urban sprawl needs to be contained, ensuring compact urban settlements by means of urban intensification (infill projects & promotion of higher densities).
- ✓ Absorption of population growth within the existing urban edge. The benefits achieved from this relate to efficiency, cost, convenience and resource utilization. The continuity of urban development, as opposed to fragmentation, so as to functionally integrate urban areas. There must be integration of uses and activities, to maximize convenience and vitality. There must be multi-functionality and sharing of public spaces and facilities in order to make the most efficient use of public investment. The integration of built and non-built environments, in order to achieve the economic, environmental and recreational interaction that potentially exists between them and to make maximum productive use of urban resources. Equitable distribution of public facilities and services throughout the Municipality. Incorporated into the principle of urban efficiency is the controlled management of urbanization. A trend of urbanization is evident in the Municipality especially in Ugie and Maclear. The pressure of urbanization is not only in the need for land for housing but also increased pressure on commonage land, cemeteries, social infrastructure e.g. sports field etc.
- ✓ Land use and development decisions must promote a harmonious relationship between the built and the natural environment while ensuring that land development is sustainable over the longer term period'. Therefore Land use planning and development in the Elundini Municipality should protect existing natural, environmental and cultural resources. It is also important that the prime agricultural land should remain in production. Environmental Management principles dictated that development must be sustainable, and not to the detriment of future development. This places great emphasis on the linkage between sound land use management and environmental management and highlights the need to integrate the two functions in an operational manner in the land management functions of the Elundini Municipality.

4.13.5 KEI DEVELOPMENT CORRIDOR

The Kei Development Corridor is an initiative to promote economic development in the area surrounding the main road and rail links from East London to Mthatha. The Kei Rail Project is the "anchor" project in the Kei Development Corridor and is centered on the upgrading of the railway line between East London and Mthatha. While the focus of the project has been on improvements to the rail infrastructure, the project also aims to stimulate and sustain socio-economic growth and development within the Kei Development Corridor. The Kei Rail Project is just one of a number of identified Mega Projects in the Kei Development Corridor, other Mega Projects include Wild Coast Meander, N2 Toll Road EIA, Kei Rail Business Plan, East London Harbour, Umzimvubu Basin Water Projects, Ugie-Langeni Road, East London IDZ, MELD Corridor and Massive Food Production Programme.

The Ugie-Langeni Road and The Umzimvubu Basin Scheme Mega Projects impact on Elundini LM. The Kei Development Corridor Report highlighted the importance of The Ugie-Langeni Road with regard to providing access for timber and agricultural produce to markets and production facilities and increase freight opportunities for the Kei rail. In addition, the construction of the Ugie-Langeni road will have positive 'spin-offs' for the tourism industry and travel patterns by unlocking the natural resources of the Ugie and Ngcobo areas.

5 MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT STATUS QUO ON HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

5.1 INSTITUTIONAL CHARACTERISTICS

5.1.1 INSTITUTIONAL STRUCTURE

At present the Elundini Municipal Council consists of 34 Councillors and has 17 Wards, half of which are elected in terms of proportional representation and the remaining Councillors are directly elected, i.e. are Ward Councillors.

The Elundini Municipality has a Collective Executive System with a Ward Participatory System.

The Executive Committee is chaired by the Mayor and consists of five (5) members of the Executive Committee appointed by the Council on a proportional basis. The Mayor is also mandated with the responsibility of the IDP formulation and review processes and their tabling to the Council.

The Executive Committee is the principal committee of the Council. It is the Committee which receives reports from the Standing or Portfolio Committees of Council and it must forward these reports together with its recommendations to the Council when it cannot dispose of matters in terms of its delegated authority.

The chairperson of the Municipal Council is the Speaker. The Council has defined the following roles for the Speaker (over and above the roles assigned by the Municipal Structures Act): -

- ✓ Leader of council in respect of the oversight function;
- ✓ Custodian of the interests of the members of the municipal council;
- ✓ Politically in charge of the community development workers' programme; and
- ✓ Responsible for the training and development of ward committees

In terms of Section 72 – 78 of the Municipal Structures Act, the Council has established 17 ward committees which are chaired by their respective Ward Councillors. Each committee has 10 elected representatives although it is acknowledged that not all the elected members of the Ward Committees are still active.

The ward committees are consultative community structures without any formal powers accorded to them. Where a ward committee is fully functional and effective, it is able to influence the decision taken in Council.

There is a cordial relationship between the communities and their ward committees and ward committee meetings are held as per their schedule and they submit reports to the municipal council for noting through the Office of the Speaker.

The Elundini Municipality has established six (6) Section 79 committees and five (5) Section 80 Committees which are aligned to the administrative departments and are chaired by members of the Executive Committee.

5.1.2 ADMINISTRATIVE STRUCTURE

The Elundini Municipality's executive management structure consists of the Municipal Manager, appointed in terms of section 54 (a) of the Local Government : Municipal Systems Act and five managers that are directly accountable to the municipal manager and have been appointed by the municipal council in terms of section 56 of the Municipal Systems Act. The ELM macro organizational structure consists of the following departments:-

	DEPARTMENT	HEAD OF DEPARTMENT
1.	Office of the Municipal Manager	Mr. Khayaletu Gashi
2.	Strategic Planning and Economic Development	Mrs. Ntomboxolo Eddie
3.	Corporate Services	Mr. Sandile Matubatuba
4.	Infrastructure Planning and Development	Mr. Xola Mntonintshi
5.	Community Services	Vacant
6.	Budget and Treasury	Mr. Jack Mdeni

The municipality's main offices are situated in Maclear with two administrative units found in Mount Fletcher and Ugie which are headed by their respective unit managers. The municipal manager, managers reporting directly to the municipal manager and some assistant managers have signed a 5 year performance based contract.

5.2 COUNCIL OVERSIGHT ROLE

5.2.1 AUDIT COMMITTEE

The Audit Committee of the Elundini Municipality has been established in terms of Section 166 of the Municipal Finance Management Act, No 56 of 2003, and performs its functions in terms of the ELM Audit Committee Charter. The Audit Committee also audits performance information of the municipality.

5.2.2 MANDATE COMMITTEE

District and local municipalities have a shared responsibility for rendering services to communities. The Intergovernmental Relations Framework Act 13 of 2005 provides a policy framework towards achieving improved co-operation and shared responsibility between the different spheres of government. Locally, the Elundini Municipality has championed the development of a policy framework to provide a platform for the mandating of and reporting back by the councillors representing local municipalities in the Joe Gqabi District Municipality. A Mandate Committee has been established in terms of the policy framework. For effectiveness, it is critical for the policy framework to be adopted by all the respective local municipalities and the Joe Gqabi District Municipality.

The policy framework has been presented and deliberated upon in various meetings of the regional local government subcommittee, the DIMAFO etc. and has been embraced. The challenge, however, is that the Joe Gqabi DM has not officially adopted this policy and, it is doubted if the other constituent local municipalities have adopted it. This situation has accordingly contributed to the non-sitting of the Mandate Committee since its inception in 2010.

5.2.3 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

In order to meaningfully play its Oversight Role, council has formally established a Municipal Public Accounts Committee (MPAC) on 31 October 2011. Prior to this, an Oversight Committee established in terms of Circular 32 of the MFMA was operational. The Department of Cooperative Governance has provided guidelines on the establishment of MPACs and thus proposed terms of reference for the MPACs. The MPAC functions well.

5.3 RISK MANAGEMENT

The municipality has established a Risk Management Committee (RMC) constituted by all heads of departments and other staff members appointed by the Municipal Manager and has also adopted the Risk Management Policy. The RMC sits quarterly and functions within the municipality's Risk Management Charter that further provides terms of reference for the Risk Management Committee. The municipality also has also developed a risk register where it classifies its risks and then develops mitigating factors to deal with the identified risks.

5.4 ANTI-CORRUPTION, FRAUD AND COMPLAINTS MANAGEMENT

As part of its endeavours in achieving clean administration, the municipality has developed Fraud Prevention Strategy and the Fraud Prevention Plan where all employees were workshopped on it. The municipality has also established a fraud prevention hotline managed by an independent firm of auditors. As part of awareness, the municipality's website, newsletter, municipal letterheads and municipal accounts bear details of the hotline prevention numbers.

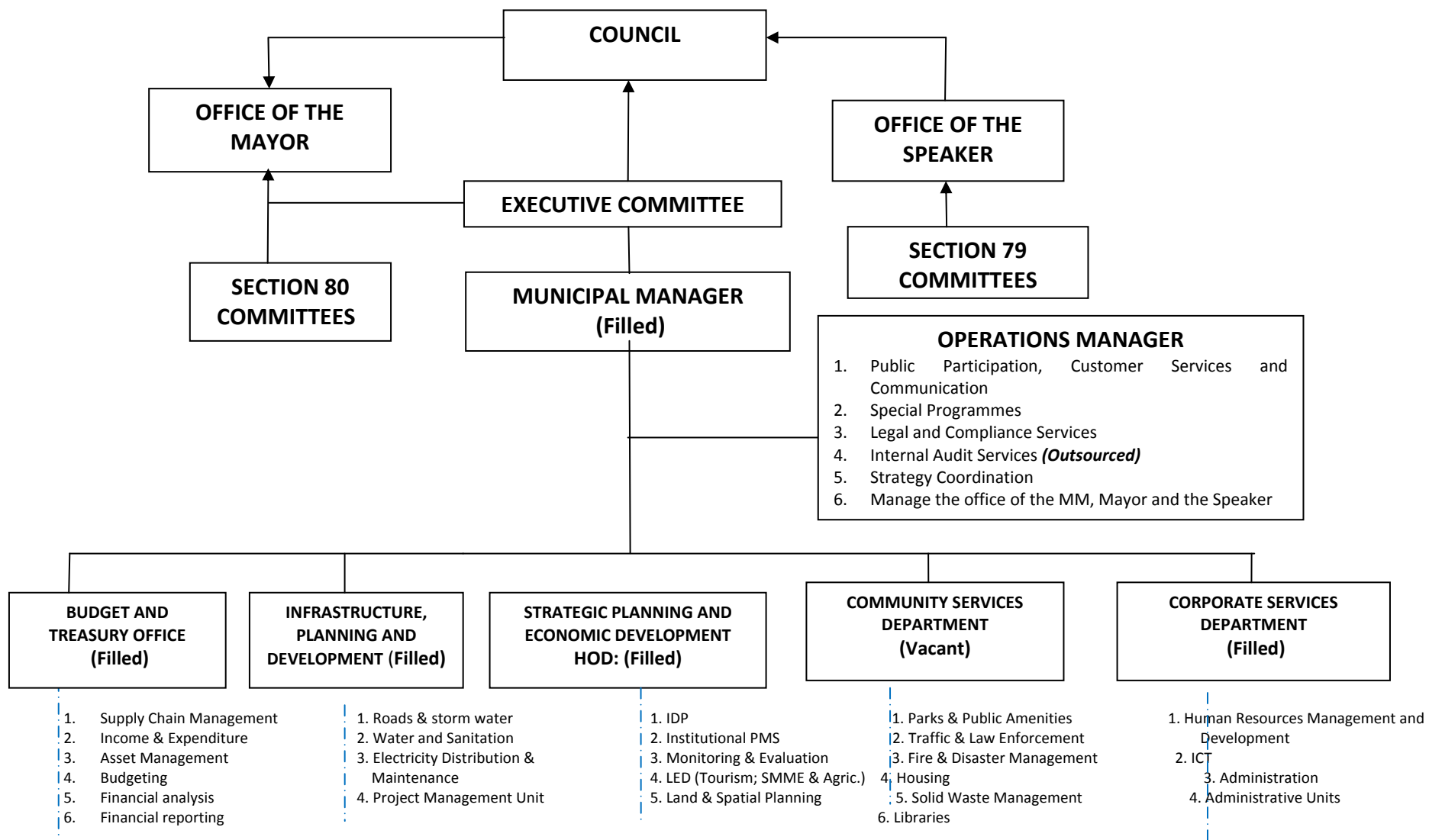
The Municipality likewise maintains a fully functional customer care centre, managed by Customer Care Consultants, that receives and deals with all service delivery related complaints, including billing related queries; the ELM manages all logged complaints in line with the service standards charter, which inter alia regulates communications protocols and stringent turnaround times.

5.5 ELUNDINI ORGANISATIONAL STRUCTURE OVERVIEW

As part of the annual IDP & Budget review processes, the Municipality constantly reviews its institutional Organogram in order to reflect whether the municipality will be able to deliver on its Constitutional mandate and as circumstances so demand. The draft Organisational structure goes through all the relevant structures of municipality and will be adopted with the adoption of the final IDP and Budget.

As from 01 July 2014 to date, there have been 11 appointments made by the municipality and only 10 employees have terminated their employment, either through resignations (7) passed away (2) and dismissed (1).

It must be noted that all Section 56 managers and assistant managers are on a 5-year performance based contracts, reviewed annually, and have signed their signed their performance contracts. There are also other employees besides section 56 managers and assistant managers who are also on performance contract because of their scarce skill. Below is the overview of the current ELM's Organogramme:



5.6 STATUS ON VACANCIES

The current ELM's Organogramme reflects a total number of 277 positions, but only 246 positions have been filled and there are 31 positions that are still vacant.

Only one (1) top level critical position, Manager: Community Services is still vacant but recruitment processes to fill the post are underway. Below is the breakdown in the filling of posts per department:

DEPARTMENT	NO. OF POSTS	NO. OF FILLED POSITIONS	VACANCIES	Period vacant	Vacancy rate	Budgeted for 2015/2016
MM's Office	5	5	0		0%	0
Mayor's Office	16	15	1		6.3%	0
Speaker's Office	2	2	0		0%	0
Infrastructure Planning & Dev.	43	39	4		9.3%	1
Budget and Treasury	32	31	1		3.1%	0
Community Services	126	104	22		17.5%	0
Corporate Services	40	39	1		2.5%	0
Strategic Planning and Economic Development	13	11	2		15.4%	1
TOTAL	277	246	31		11.2%	2

5.7 EMPLOYMENT EQUITY PLAN

Elundini Municipality has adopted its five year employment equity plan and annually reviews it and approves the review before the start of each financial year. The reviewed equity plan will have new targets that are going to be implemented as from 1 July 2015. It also shows the relationship between the current workforce profile and possible barriers in employment equity policies and procedures.

Of the filled positions, there are only 112 female employees in ELM constituting 45, 3% of the total workforce and male employees are 134 making 54, 7% of the total workforce. Below is the gender breakdown of staff compliment of Elundini per department:

DIRECTORATES	MALES			FEMALES			TOTAL
	AM	CM	WM	AF	CF	WF	
MM's Office	2	0	0	3	0	0	5
Office of the Speaker	1	0	0	1	0	0	2
Office of the Mayor	6	0	0	9	0	0	15
Budget and Treasury	6	0	1	23	0	1	31
Infrastructure Planning and Development	30	0	1	8	0	0	39
Corporate Services	12	0	0	26	0	1	39
Strategic Planning and Development	4	0	1	6	0	0	11
Community Services	69	1	0	34	0	0	104
Sub total	130	1	3	110	0	2	
Grand total	134			112			246

5.8 HUMAN RESOURCES/ SKILLS DEVELOPMENT

Linked with its long – term development objectives, the Elundini Municipality annually develops its Workplace Skills Plan (WSP), linked to its Human Resources Development Plan, which sets out the training needs and plans for the financial year for both councillors and staff. Such plan is then submitted to the Employment Equity and Training Steering Committee for consultation and then to Council for approval. The Workplace Skills Plan (WSP) is also submitted to the LGSETA. Skills audit is done and it informs the work place skill's plan of the municipality.

The municipality has developed a Human Resources Development Plan/Strategy that also incorporates the Training, Retention and Recruitment Strategy for scarce skills and the Succession Plan. The scarce and critical skills that the HR Plan addresses are those of fields of finance, engineering, environmental management and town planning.

5.9 JOB EVALUATION

All posts reflected on the approved organogram of the institution have been evaluated and graded with exception of the new positions but the benchmarking has been done for them. All these positions have their job descriptions.

5.10 OCCUPATIONAL HEALTH AND SAFETY

The municipality presently has approved its Occupation Health and Safety Plan and is busy with its implementation. The plan will assist the municipality in order to be able to conduct Technical and Safety compliance audits throughout the year. Safety deficiencies are then reported to municipal management for corrective action.

The Employee Wellness Strategy is also linked to the Occupational Health and Safety.

5.11 EMPLOYEE HEALTH AND WELLBEING

The municipality has appointed a wellness practitioner who has facilitated the development of wellness strategy for the municipality. The final strategy has been produced and was approved by the Council and is being implemented. The strategy seeks to address all employee wellness related challenges of the municipality.

5.12 LEAVE MANAGEMENT

Leave Management was previously noted as a problem arising from audits by the Auditor General. The Human Resources Department revised its policy and procedures in order to address these shortcomings and have implemented various steps aimed at improving Leave Management.

The electronic system is used to record all kinds of leave that the employees have taken. The system enables the manager responsible for the leave to approve it in the system and human resource is able to assess all filed leaves in the system.

5.13 LABOUR RELATIONS

Although there are teething problems in as far as labour relations is concerned in ELM, there is general stability around labour relations issues and the Elundini Council, Management and employees sit to discuss employer – employee issues through the Local Labour Forum. These meetings are sitting quarterly as per their schedule.

Councillors, management and employees adhere to the Code of Conduct for both Councillors and employees.

5.14 INFORMATION COMMUNICATION TECHNOLOGY AND SUPPORT

Information Communication Technology (ICT) division, located within the Corporate Service Department, at ELM is responsible for providing support services to its internal and external clients. The Municipality has gone through major renovation of its ICT section with the intention of enhancing Information and Communication Technologies services that are delivered to support its delivery objectives. The municipality has thus developed and approved its MSP that will work as a guiding document to implement ICT projects and automate business processes. The municipality is also busy with the development of the DRP that will assist the municipality during disaster where ICT systems are affected so that systems can be restored quickly. The challenge that the municipality is currently experiencing around the ICT section is human capital.

SECTION C: VISION AND MISSION

“A leading rural municipality that delivers a better quality of life for all citizens; a municipality that is phenomenally viable, highly successful and passionately people-centered”

ELM will fulfill this vision through:

- ✓ Councillors that are delivering satisfaction, officials that are implementing quality service, and communities that are happy with the service from ELM;
- ✓ Fulfillment of its constitutional obligations;
- ✓ Becoming a change agent – always striving to change the lives of its community;
- ✓ Committed leaders who serve communities with excellence;
- ✓ A developmental public entity that creates vibrant communities;
- ✓ Corruption-busting that sets the world’s new standards on how to run a clean municipality and set an example of ethical leadership across all sectors.

Our mission is to operate a rural municipality that:

- ✓ delivers excellent services to its people who remain its priority in everything that it does,
- ✓ is financially viable,
- ✓ has good governance in place,
- ✓ is transformed and developmental,
- ✓ is clean, green and sustainable.

VALUES

ELM is committed to identify, implement and live a set of values that promotes behaviour that will support successful implementation of its strategy. It identified the following values as important to achieve this milestone and therefore can never be compromised at ELM:

- ✓ Teamwork
- ✓ Commitment
- ✓ Trustworthiness
- ✓ Transparency
- ✓ Conduct
- ✓ Professionalism
- ✓ Accountability, and
- ✓ Respect

SECTION D: GOALS, STRATEGIC, OBJECTIVES, KEY PERFORMANCE AREAS AND PERFORMANCE INDICATORS

The Council and Administration of Elundini Municipality have committed themselves to working towards the realisation of the following six (6) goals which have been aligned to the Vision, Mission and Key Performance Areas of the Municipality:

- ✓ To ensure provision of efficient, effective and transformed human capital and sound labour relations;
- ✓ To ensure that all citizens of ELM have access to basic services;
- ✓ To promote economic development through the creation of sustainable jobs, support of local businesses and attraction of investors
- ✓ An organization that subscribes to the attainment of benchmark standards on profitability and financial viability set for Local Government;
- ✓ An organization that is committed to sound financial management practices and the attainment of a clean audit by 2015; and
- ✓ To be a municipality that is responsive, efficient, transparent, accountable and compliant to legislation.

GOALS AND STRATEGIC OBJECTIVES

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Goal- To ensure provision of efficient, effective and transformed human capital and sound labour relations

This goal will be realized through the achievement of the following Strategic Objectives within the KPA of Municipal Transformation and Organizational Development:

- ✓ To enhance organizational performance in order to achieve organizational objectives

KPA 2: BASIC SERVICES & INFRASTRUCTURE

Goal- To ensure that all citizens of ELM have access to basic services

This Goal will be realized through the achievement of the following Strategic Objectives within the Key Performance Area of Basic Services & Infrastructure:

- ✓ To ensure that all communities and households has access to basic level of electricity ,waste removal , roads & storm water and public amenities

KPA 3: LOCAL ECONOMIC DEVELOPMENT

Goal - To promote economic development through the creation of sustainable jobs, support of local businesses and attraction of investors

This goal will be realized through the achievement of the following Strategic Objectives that fall within the Key Performance Area of Local Economic Development:

- ✓ To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017

KPA 4: FINANCIAL MANAGEMENT AND VIABILITY

Goals - An organization that subscribes to the attainment of benchmark standards on profitability and financial viability set for Local Government; **and**

An organization that is committed to sound financial management practices and the attainment of a clean audit by 2015

This Goal will be realized through the achievement of the following Strategic Objectives that fall within the Key Performance Area of Financial Management and Viability and the Finance:

- ✓ To improve financial management and financial viability linked to Local Government financial benchmark standard by 2018
- ✓ To improve the efficiency of capital planning and spending

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Goal - To be a municipality that is responsive, efficient, transparent, accountable and compliant to legislation.

This goal will be realized through the achievement of the following strategic objectives within Good Governance and Public Participation Key Performance Area:

- ✓ To promote good governance and clean administration

THE FIVE YEAR IMPLEMENTATION PLAN

Strategic objectives and KPI meant to track progress in addressing priority issues and realising the goals across, and within, each of the KPA over the next five years are outlined below. This information is specifically informed by existing Local, District, Provincial, and National priorities. Some of the indicators included are taken directly from the Local Government Performance Management Regulations, Schedule to the Municipal Systems Act. This information will also be included in individual performance plans thus ensuring an integrated performance management system which fosters accountability and responsiveness.

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Goal: To ensure provision of efficient, effective and transformed human capital and sound labour relations

No.	Strategic Objective	No.	Performance Indicator	Wards/ Households/ No. People	Demand	Baseline	Backlog (Demand - Baseline)	2015/16	2016/17	2017/18	2018/19
1.1	To enhance organisational performance in order to achieve organisational objectives	1.1.1	Number of people from designated groups employed in the top 3 management level positions in compliance with the EE Plan	N/A	93	71	22	3	2	2	2
		1.1.2	% of a municipality's budget actually spent on implementing its workplace skills plan	All employees	1%	50%	50%	1%	1%	1%	1%
		1.1.3	Number of Talent management strategy projects implemented through each department	All	15	New	15	New	2	3	3

KPA 2: BASIC SERVICES AND INFRASTRUCTURE

Goal: To ensure that all citizens of ELM have access to basic services

No.	Strategic Objective	No.	Performance Indicator	Wards/ Households/ No. People	Demand	Baseline	Backlog (Demand - Baseline)	2015/16	2016/17	2017/18	2018/19
2.1	To ensure that all communities, households and commercial businesses have access to basic level of electricity, waste removal, roads & stormwater and public amenities	2.1.1	Number of households with access to basic level of electricity	Households	24 767	331 revised target for 2015/2016)	24 005	331 (revised target for 2015/2016)	746	2 436	2 200
		2.1.2	The total number of households and commercial properties of urban households with access to the basic level of solid waste removal	2,3,4,9,17	37 584	7 071	30 513	7071	7071	7071	7071
		2.1.3	The number of households earning less than R2 800 per month with access to free basic services	All Wards	10 000 (Provision of free basic services on sustainable basis)	9 224	920	9224	10 000	10 000	10 000
			Land Audit in three municipal areas of Elundini	All	3 Areas	None	3 areas	-	2	1	

KPA 3: LOCAL ECONOMIC DEVELOPMENT

Goal: To promote economic development through the creation of sustainable jobs, support of local businesses and attraction of investors

No.	Strategic Objective	No.	Performance Indicator	Wards/ Households/ No. People	Demand	Baseline	Backlog (Demand Baseline)	2015/16	2016/17	2017/18	2018/19
3.1	To facilitate partnerships and initiatives to grow the key economic sectors prioritized in Elundini Municipality by 2017	3.1.1	Number of jobs created through LED initiatives including capital projects	No. People	-	160 25	-	160 -	66 20		
		3.1.2	No. of small town regeneration initiatives facilitated)	9	5	5	-	5	2	2	2
		3.1.3	Number of partnerships maintained and facilitated	All	-	5	-	4	4	4	4
		3.1.4	Number of Social enterprises with access to business support services through the co-operative Centre and other interventions	All	500	100	500	100	200	300	400

KPA 4: FINANCIAL MANAGEMENT AND VIABILITY

Goals: *An organization that subscribes to the attainment of benchmark standards on profitability and financial viability set for Local Government; and an organization that is committed to sound financial management practices and the attainment of a clean audit*

No.	Strategic Objective	No.	Performance Indicator	Wards/ Households/ No. People	Demand	Baseline	Backlog (Demand - Baseline)	2015/16	2016/17	2017/18	2018/19
4.1	To improve financial management and financial viability linked to Local Government financial benchmark standard by 2018	4.1.1	Cost Coverage Cash and cash equivalents/ Fixed operating costs (excluding non-cash items)	All Wards	1 months	2 months	0	1	2	2.5	3
		4.1.2	Current ratio (current assets/current liabilities)	All Wards	Adequate financial resources	0.98:1	N/A	1:1	1:1	1:1	1:1
		4.1.3	Liquidity Ratio (Current Assets to Current Liabilities).	All Wards	Adequate financial resources	1.1:1	N/A	1.1: 1	1.5:1	1.5:1	1.5:1
4.2.	To improve the efficiency of capital planning and spending	4.2.1	% of the of capital budget actually spent on capital projects		100%	87%	13%	100%	100%	100%	100%
		4.2.2	% expenditure on all infrastructure grants		100%	99%	1	100%	100%	100%	100%
		4.2.3	% of infrastructure projects funded out the conditional and unconditional grants allocated to local SMME contractors		25%	0%	25%	25%	25%	25%	25%

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Goal: To be a municipality that is responsive, efficient, transparent, accountable and compliant to legislation.

No.	Strategic Objective	No.	Performance Indicator	Wards/ Households/ No. People	Demand	Baseline	Backlog (Demand Baseline)	2015/16	2016/17	2017/18	2018/19
5	To promote good governance and clean administration	5.1.1	Number of reports submitted by HOD's on implementation of service delivery structure	N/A	4	100%	0	4	4	4	4
		5.1.2	Sustain unqualified audit report with no compliance findings	-	Unqualified	Unqualified	N/A	1	1	1	1
		5.1.3	Functional % of the resolution /recommendations implemented) governance structures	N/A	100%	100%	100%	100%	100%	100%	100%

SECTION E - POLICIES, SECTOR PLANS AND STRATEGIES

The strategic approach to the development of the Municipality's integrated development plan is underpinned by policies and strategies of the national and the provincial government. The development objectives of these policies have influenced the development of the strategic direction that the Municipality has identified. The national development plan is an overarching national policy that has informed the municipal ' strategy formulation. The other recent and relevant developmental policies which the municipal strategy has been aligned to are National Strategic Infrastructure Projects, Millennium Development Goals, Service Delivery Agreement Outcome 9, National Government Programme of Action 2009 – 2014 and the Provincial Government Development priorities. The section will also list the sector strategies that led the strategic direction of the municipality.

1. NATIONAL DEVELOPMENT PLAN

INTRODUCTION

Through previous programs (reconstruction and development program) South Africa looks different from 1994. However, there is much that looks the same. There are still short coming in the development path. There is insufficient progress in reducing poverty and inequality and unemployment. South Africa has a potential and capacity to eliminate poverty and reduce in equality over the next decade – Long term development plan. Elundini municipality should in the future have a long term development plan aligned to the National Plan. It should integrate the plans to the IDP and also promotes that people should be champion of their own development and government must work effectively to develop people's capabilities to lead the lives they desire.

The National development plan is based on:

Effective participation of South African Citizens in their own development, redressing of the injustice of the past effectively, Faster economic growth and higher investment and employment, Rising standard of Education, a healthy population and effective social protection, strengthening the linkages between the social and economic strategies, Effective capable government, collaboration between government and private sector, strong sector leadership.

SUMMARY ON CHAPTERS OF THE NDP

CHAPTER 3: ECONOMY AND EMPLOYMENT

The chapter outlines how the country can both accelerate growth and make it more labour absorbing. It explains the national targets of government as being, To reduce the unemployment the country need to create 11 million jobs by 2030 , The growth of 5,4 % on average every year, Unemployment target of 6%. It further states that government must create environment for sustainable employment and economic growth, must have strategic leadership to mobilize for the national vision, promotion of employment in labour absorbing industries, Promotion of exports and competitiveness, Strengthened capacity to implement economic policies.

Diversified economy (Human settlement, health, education, transport and telecommunication system functional and energy)

CHAPTER 4: ECONOMIC INFRASTRUCTURE

ROAD AND TRANSPORT

Government has a plan to invest in road and transport infrastructure, significant investment in public transport systems to refurbish commuter rail, bus services and high volume corridors. Private transport such as cars could be used, but a marked change is proposed to public transport. Sustainable transport system that is able to provide the users with capacity and convenience. Improving bulk freights, farm to cities, mines ports or processing plants and rail network, information and communication infrastructure and also improves rural accessibility.

ENERGY

South Africa aims to have adequate supply of electricity and liquid fuels to avoid disruption to economic activities. South Africa needs to meet about 29000 Megawatts of new power demand by 2030. More than 95% should enjoy access to electricity within 20 days. 70% of the primary energy drives from coal. The economy is electricity intensive and as a result the, South Africa emits more than its share of carbon dioxide and contributes too disproportionately to climate change. A strategic negotiated way to reduce carbon intensity will help South Africa contribute to climate change. Clean coal technology to be supported through research and development investments. Use of gas as an alternative to coal will help cut the carbon intensity and greenhouse gas.

The necessary activities to move to different energy context by 2030 is according to the short term, medium term and long term priorities: Critical to highlight is the intension to develop a new sustainable electrification plan, upgrade refineries to ensure that they meet new fuel quality standard, ring fence the large distribution businesses of the 12 largest municipalities, representing 80% of the municipal distribution and to improve tariff measures for the pro poor.

WATER RESOURCE AND SERVICES

Equitable access to at least safe and reliable basic water supply and dignified, hygienic sanitation between 1994-2010, the number of South Africans with basic water supply have increased from 23 million to 46, 6 million whilst the number of improved sanitation increased from 18, 5 million to 39, 4. Significant progress in ensuring great access to water, backlog still exist. The proposed strategies are: 1) Manage, monitor and protect water resources. 2) Ensure water supply by investment and reuse. 3) Conservation and demand management.

CHAPTER 5: LOW CARBON ECONOMY

It encourages an approach in adapting to the impact of climate change. Local provincial and national government should embrace climate adaptation by identifying and put into effect appropriate policies and measures. Few to mention are, Adaptive technology in agriculture and forestry, significant investment in conserving, rehabilitating and restoring natural ecosystem to improve resilience. To conserve critical endangered species that area increasingly vulnerable to climate change.

Promotion of mitigating actions such as:

- ✓ Expanded renewable energy programs, Bio fuel sector, Proactive local government climate change programs such as waste management, street lighting, regulations to promote green building and construction practices and efficient public transport system and the allocation of strategic research (Studies) to low carbon mission areas of competitive advantage.

CHAPTER 6: INTEGRATED RURAL ECONOMY

Rural areas are characterised by great poverty and inequality than urban areas with many households still trapped in the vicious cycle of poverty. It promotes expansion in agricultural production, Commercial and subsistence, better land use in communal areas.

Education and health, take advantage of other great economic potential areas, developing non-agricultural activities, which are traditional approaches to increase rural income, relocation to cities with easy access to services and employment should be address through improving services at the local level, promotion of market access

CHAPTER 7: POSITIONING SOUTH AFRICA IN THE WORLD

It promotes the possible opportunities in provision of goods and services beyond the national boundaries. National trade agreements and possible investment opportunities. Intra Africa trade opportunity, free trade and the regional.

CHAPTER 8: TRANSFORMING HUMAN SETTLEMENT

It promotes consideration of the geographic and development aspects, strengthening spatial planning system spatial conflicts and the role of traditional authorities have in spatial decisions about land use. Resourcing of critical regions, rural restructuring zones, a plan in mobilising development of cities, towns and rural areas, Low density development higher density and Strategies to better rural settlements.

CHAPTER 9: EDUCATION TRAINING AND INNOVATION

It promotes improvement in access to learning opportunities, graduates rate remain unacceptably low, highly educated individuals have a better chance in the labour market and a notion with high educated citizens, particularly in science, engineering, technology and humanities is more competitive, It can enable Elundini to be able to participate effectively in a knowledge driven economy. Early childhood/schooling/higher education and learning. What interventions are there to support science and technology development? What Skills do we need to accelerate? Building a properly qualified, committed teaching, academics, research and public cadre. Change in the pay structure of teachers to retain good teachers competent people become principals. More clarified roles of district offices to improve support to the schools.

CHAPTER 10: HEALTH

Strategies to address the social determinants affecting health and diseases. Strengthening health system, Financing of the health system and Implementation of effective partnerships in the health sector

CHAPTER 11: SOCIAL PROTECTION

Social grant by state target people who are not economically active such as people with disabilities, elderly, children and poor. For those who are able to work, but are locked out of the economy there is no social protection for them. Able-bodied unemployed South Africans. Up scaling of public employment in extended public works programs is advised. Community works program is also developed to address the problem. Urgently to address are the matters of criminality, high levels of gang related violence in schools and communities' violence against women and children especially in economically deprived areas.

CHAPTER 12 BUILDING SAFE COMMUNITIES

It promotes safety is a core to human right .Although the South Africa Stats release by SAP is showing downward trends especially in the murder rates. Still need a strengthened criminal justice .Even thou there in a link between high poverty and crime, but has also been discovered that there are organised syndicated that lauder money in drag dealing and smuggle guns. An integrated approach in responding to crime strengthen community participation is very

CHAPTER 13: STRETCHERED ACCOUNTABILITY AND RESPONSIBILITY OF PUBLIC SERVANTS

Tender compliance officer must be given teeth to investigate both probity and value for money aspects in tenders (use of tender system to enrich yourselves). Centralisation of awarding of large tenders. Strengthening the protection of whistle-blowers (dropped to 10%). Strengthening the multi-agency anti-corruption system (Public Protector, Special Investigation Unit etc.). Stretched accountability and responsibility of public servants. Centralisation of awarding of large tenders.

CONCLUSION

It is meant to improve the economy of the country therefore the economy of Elundini. The strategic objectives of our institution must align with the national growth and development plan. The high level priorities of the municipality must be aligned with the NDP Networking with the national and the provincial sphere is key to the success of our local sphere.

STRATEGIC PROJECTS PRIORITIES BY PRESIDENT’S INFRASTRUCTURE COORDINATING COMMISSION

The Elundini Municipality through the district initiatives has also aligned its strategies to the national strategic project initiatives which it could benefit from such as follows:

➤ **SIP 6: INTEGRATED MUNICIPAL INFRASTRUCTURE PROJECT**

Develop national capacity to assist the 23 least resourced districts (19 million people) to address all the maintenance backlogs and upgrades required in water, electricity and sanitation bulk infrastructure. The road maintenance programme will enhance service delivery capacity thereby impacting positively on the population.

➤ **SIP 10: ELECTRICAL INFRASTRUCTURE**

Electricity transmission and distribution for all. Expand the transmission and distribution network to address historical imbalances, provide access to electricity for all and support economic development. Align the 10-year transmission plan, the services backlog, the national broadband roll-out and the freight rail line development to leverage off regulatory approvals, supply chain and project development capacity.

➤ **SIP 11: AGRO PROCESSING INFRASTRUCTURE**

Investment in agricultural and rural infrastructure that supports expansion of production and employment, small-scale farming and rural development, including facilities for storage (silos, fresh-produce facilities, packing houses); transport links to main networks (rural roads, branch train-line, ports), fencing of farms, irrigation schemes to poor areas, improved R&D on rural issues (including expansion of agricultural colleges), processing facilities (abattoirs, dairy infrastructure), aquaculture incubation schemes and rural tourism infrastructure.

➤ **SIP 18: WATER AND SANITATION INFRASTRUCTURE**

A 10-year plan to address the estimated backlog of adequate water to supply 1.4 million households and 2.1 million households to basic sanitation. The project will involve provision of sustainable supply of water to meet social needs and support economic growth. Projects will provide for new infrastructure, rehabilitation and upgrading of existing infrastructure, as well as improve management of water infrastructure.

2. MILLENNIUM DEVELOPMENT GOALS

The Millennium Declaration signed by world leaders of 189 countries in 2000, established 2015 as the deadline for achieving most of the millennium development goals. South Africa adopted vision 2014, which is derived directly from the United Nations Millennium Goals. Vision 2014 outlined the following:

- Reduce unemployment by half through new jobs, skills development, assistance to small businesses, opportunities for self-employment and sustainable community livelihoods.
- Reduce poverty by half through economic development, comprehensive social security, land reform and improved household and community assets.
- Provide the skills required by the economy, build capacity and provide resources across society to encourage self-employment with an education system that is geared for productive work, good citizenship and a caring society.
- Ensure that all South Africans, including, especially the poor and those at risk – children, youth, women, the aged and people with disabilities- are fully able to exercise their constitutional rights and enjoy the full dignity of freedom.
- Compassionate government service to the people, national, provincial and local public representatives who are accessible, and citizens who know their rights and insist on fair treatment and efficient service.
- Massively reduce cases of TB, diabetes, malnutrition and maternal deaths, and turn the tide against HIV and AIDS, and, working with the rest of Southern Africa, strive to eliminate malaria, and improve services to achieve a better national health profile and reduction of preventable causes of death, including violent crime and road accidents.
- Significantly reduce the number of serious and priority crimes as well as cases awaiting trial, with a society that actively challenges crime and corruption, and with programmes that also address the social roots of criminality.
- Position South Africa strategically as an effective force in global relations, with vibrant and balanced trade and other relations with countries of the South and the North, and in an Africa that is growing, prospering and benefiting all Africans, especially the poor.

The goals consist of quantified targets to address extreme poverty in its many dimensions viz. poverty, hunger, disease, lack of adequate shelter, and exclusion whilst promoting gender equality, education, and environmental sustainability. At the same time the goals also represent basic human rights i.e. the rights of each person on the planet to health, education, shelter, and security.

3. DELIVERY AGREEMENT: OUTCOME 9

The aim of Delivery Agreement: Outcome 9 is to ensure a responsive, accountable, effective and efficient local government system so as to restore the confidence of citizens in the local government sphere. As such municipalities need to ensure that the basic needs of communities are met; build clean, effective, efficient, responsive and accountable local government; improve performance and professionalism and strengthen partnerships between local government, communities and civil society. The Outcome consists of seven outputs which need to be achieved, viz.:

- ✓ Implement a differentiated approach to municipal financing, planning and support;
- ✓ Improve access to basic services;
- ✓ Implementation of the Community Work Programme;
- ✓ Actions supportive of the human settlement outcome;
- ✓ Deepen democracy through a refined Ward Committee Model;
- ✓ Improve administrative and financial capability;
- ✓ A single window of coordination.

The outputs consist of targets, indicators and key activities which need to be achieved. The achievement of these outputs will go a long way in improving the lives of residents whilst at the same time improving the processes within government so they are able to operate more effectively and efficiently.

4. NATIONAL GOVERNMENT PROGRAMME OF ACTION 2009 - 2014

The government has identified 10 priority areas in its programme of action, with an intention to turn around the global economic slowdown, whilst at the same time ensuring that the needs of all its citizens are met. The priority areas developed are intended to do the following:

- ✓ Speed up economic growth and transform the economy to create decent work and sustainable livelihoods;
- ✓ Introduce a massive programme to build economic and social infrastructure;
- ✓ Develop and implement a comprehensive rural development strategy linked to land and agrarian reform and food security;
- ✓ Strengthen the skills and human resource base;
- ✓ Improve the health profile of all South Africans;
- ✓ Intensify the fight against crime and corruption;
- ✓ Build cohesive, caring and sustainable communities;
- ✓ Pursue African advancement and enhanced international cooperation;
- ✓ Ensure sustainable resource management and use;
- ✓ Build a developmental state, improve public service and strengthen democratic institution.

The areas identified represent issues which have been identified by communities within eThekweni as some of their greatest needs, as well as areas which the Municipality needs to focus on so that we improve on our service delivery mandate as well as forge partnerships locally and internationally in achieving our development agenda.

5. OTHER POLICES AND STRATEGIES

The other polices and strategies the municipality has aligned its strategies to are:

5.1. PROVINCIAL AND NATIONAL

- ✓ Provincial Growth and Development Strategy
- ✓ Cooperative Development Strategy
- ✓ Provincial Job Creation Strategy
- ✓ Rural Development Strategy
- ✓ Spatial Development Framework
- ✓ Investment and Promotion Strategy

5.2. DISTRICT MUNICIPALITY

- ✓ Integrated Transport Plan
- ✓ District Environmental Plan
- ✓ Water Services Development Plan
- ✓ Integrated Solid Waste Management Plan
- ✓ Disaster Management Plan
- ✓ Environmental Management Plan
- ✓ Agricultural Development Plan
- ✓ Forestry Sector Plan

5.3. ELUNDINI LOCAL MUNICIPALITY

- ✓ Local Economic Development Plan
- ✓ Tourism Sector Plan
- ✓ Spatial Development Plan
- ✓ Employment Equity Plan

SECTION F – PERFORMANCE MANAGEMENT SYSTEM

1 INTRODUCTION

1.1 BACKGROUND

In terms of the Municipal Planning and Performance Management Regulations (2001), the Performance Management System:

“entails a framework that describes and represent how the municipality’s cycle and processes of performance planning, management, measurement, review, reporting and Improvement will be conducted, organised and managed including determining of roles of different role players”

Accepting this definition as contained in the Act, the ELM has reviewed and adopted its PMS Policy to drive towards the following objectives:

- To give effect to the legislative obligations of the ELM in an open, transparent and focused manner;
- To incorporate the already implemented performance management processes applicable to Section 57 Managers and how these relate to and link with the system in a holistic, institution wide, policy;
- To provide a firm foundation from which to steer the process of performance management through all phases of implementation and devolvement; and
- To link and eventually to lock the IDP, the Budget and a Performance Management System in a cycle of prioritised, affordable and accountable municipal planning and effective service delivery involving all staff and the local community.
- The establishment of a system which translates the IDP into measurable objectives and targets;
- The institutionalisation of sound management principles ensuring effective and efficient governance of service delivery;
- Adequate provision for community consultation and the opportunity to have a clearer insight in the performance of the municipality; and
- The promotion of an accountable municipality.

1.2 PRINCIPLES GOVERNING ELUNDINI PMS

The following principles guided and informed the process of developing the Performance Management System for Elundini Municipality:

- Simplicity
- Politically acceptable
- Transparency and accountability
- Efficiency and Sustainability
- Consultation and Community Involvement
- Incremental Implementation

1.3 ROLE PLAYERS IN ELM PERFORMANCE MANAGEMENT SYSTEM

The roles and responsibilities regarding the implementation of PMS as contained in ELM policy for

PMS is discussed in the table below:

Role of Council:

PLANNING	MONITORING		
	REVIEW	REPORTING	PERFORMANCE ASSESSMENT
<ul style="list-style-type: none"> Adopts priorities and objectives of the Integrated Development Plan Adopts the municipal scorecard Establishes the oversight committee for the purpose of the annual report. 	<ul style="list-style-type: none"> Approves the annual review programme of the IDP. Approves the top level SDBIP. Approves changes to the SDBIP and adjustment Budget Approves any changes to the priorities, objectives, key performance indicators and performance targets of the municipality. 	<ul style="list-style-type: none"> Report the performance of the municipality to the Community at least twice a year. (through a public Report). Receives externally audited performance reports from the Executive Committee twice a year. Approves the recommendations for the improvement of the PMS. Annually receives report on the Municipal Manager and the s57 managers' performance. Submits the annual report to the MEC and Auditor General. 	<ul style="list-style-type: none"> Approves the annual Audit Plan and any substantial standards to it.

Role of Municipal Manager:

PLANNING	IMPLEMENTATION	MONITORING		
		REVIEW	REPORTING	PERFORMANCE ASSESSMENT
<ul style="list-style-type: none"> Submits priorities and objectives of Integrated Development Plan to Council for Approval. Approves Service Delivery and Budget Implementation Plan. Enters into Performance Agreement with Municipal Manager on behalf of the Council. Assigns the responsibility for the management of the PMS to the Municipal Manager. Tables the budget and the Top level SDBIP to Council for Approval. 	<ul style="list-style-type: none"> Manages the overall implementation of the IDP. Ensures that all role players implement the provisions of the role players Ensures that the Departmental scorecards serve the strategic scorecard of the municipality. 	<ul style="list-style-type: none"> Formulation of the annual review programme of the IDP, including the review of KPI's and targets for consideration by Council and Executive Mayor. Formulation of the annual performance improvement measures. Quarterly and annually reviews the performance of Departmental Managers. 	<ul style="list-style-type: none"> Receives performance reports quarterly from the internal audit unit Receives performance reports twice a year from Performance Audit Committee. Submits annual report of the municipality to Council. 	<ul style="list-style-type: none"> Formulates response to the performance audit report the Auditor General and makes recommendations to the executive mayor.

Role of S57 Managers:

PLANNING	IMPLEMENTATION	MONITORING		
		REVIEW	REPORTING	PERFORMANCE ASSESSMENT
<ul style="list-style-type: none"> Participate in the identification of IDP priorities and the whole IDP. Process. Participate in the Formulation and Revision of the municipal strategic scorecard. Participate in the formulation of the Top level SDBIP. Manages Subordinates performance measurement system. Enters into a performance agreement with the Municipal Manager. Reports quarterly to Municipal Manager. 	<ul style="list-style-type: none"> Manages the implementation of the SDBIP. Ensures that the annual programmes are implemented according to the targets and timeframes agreed to. Implements performance improvement measures approved by the Executive Committee. Ensures that performance objectives in the performance agreements are achieved. 	<ul style="list-style-type: none"> Participates in the Formulation of the annual review of the KPI and targets. Annually reviews the performance of the department to improve the economy, efficiency and effectiveness of the departments. . Quarterly and annually evaluates the performance of the department Participates in Mid – Term Review. 	<ul style="list-style-type: none"> Submit quarterly departmental performance reports. 	<ul style="list-style-type: none"> Participates in the formulation of the response to the performance audit report of the Auditor General and makes recommendations to the municipal manager. Participates in the formulation of the response to the recommendations of the internal auditor and PAC.

Role of the Audit Committee:

PLANNING	MONITORING	
	REVIEW	REPORTING
<ul style="list-style-type: none"> Participates in the formulation of the annual audit plan. 	<ul style="list-style-type: none"> Review quarterly reports from the internal auditors. 	<ul style="list-style-type: none"> Reports twice a year to the Municipal Council.

The KPIs and Targets of the S.57 managers was an essential first step in the implementation of performance management and laid the foundation for the devolvement of the KPIs and Targets process of the system down to the next level of management and thereafter to the entire workforce.

Performance Agreements with Sectional Heads

- Legislation places no obligation on a municipality to enter into performance agreements with sectional heads. However, the Council recognises such agreements as a logical further step to cement the PMS in the administrative executive component of the Municipality provided these agreements are in accordance with applicable legislation.
- The Council has adopted the Rewards and Incentives Policy and this policy will necessitate the existence of performance agreements with employees who may benefit from such a policy.
- The municipality has reviewed its performance management system policy to be able to reward deserving lower level employees and has been adopted by the Council.

Culture and Work Situation

- The ELM is committed to establish and maintain a culture and work situation conducive for the implementation and maintenance of a performance management system including regular performance appraisals and establishing a factual foundation for the system. The activities to be embarked on will, of necessity, be running concurrently with actual monitoring and measuring of performance and will include the following:
 - ✓ To introduce the performance management system via an internal brief prepared by the Management Team, having consulted the Local Labour Forum (in its PMS Subcommittee should this be established) and approved by the Council.
 - ✓ The brief will be circulated to all departments and employees via formal communication channels.
 - ✓ The brief will inter alia explain the legislative obligations underlying the system, the process to be followed and the principles that will be adhered to by the Council.
 - ✓ The system will be regularly reviewed and, in doing so, employee evaluations and constructive suggestions will, where possible, be incorporated to ensure the system is organisation-specific while adhering to the legislative framework.
 - ✓ Amendments to the system will be communicated to departments and employees in the same manner as outlined above.
 - ✓ To establish and maintain a factual basis for the performance appraisals, the job analysis of each position in the Municipality will be regularly updated with respect to line functional activities and linked to the relevant department's objectives and targets as derived from the IDP.
 - ✓ Based thereon, the appraisors and appraisees will determine mutually agreed to performance criteria, based on a format designed and approved by the Corporate Services Department for standardisation and equality purposes.
- The annual process of managing performance at organizational level in ELM involves the steps as set out in the diagram overleaf:



PLANNING FOR PERFORMANCE

The process of compiling an IDP and the annual review thereof constitutes the process of planning for performance.

SETTING KEY PERFORMANCE INDICATORS

Many of the key performance indicators are prescribed in Section 10 of the Regulations and in terms of Section 43 of the Municipal systems Act. These are listed as:

- The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;
- The percentage of households earning less than R1100 per month with access to basic free services;
- The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP;
- The number of jobs created through municipality's LED initiatives including Capital projects;
- The number of people from employment equity target groups employed in three highest levels of management in compliance with an approved employment equity plan;
- The percentage of a municipality's budget actually spent on implementing its workplace skills plan;
- Financial viability.

2 ALIGNMENT OF THE PMS TO THE IDP AND BUDGET

The IDP fulfils the planning stage of Performance Management, which in turn fulfils the implementation, management, monitoring and evaluation of IDPs. The last component of the cycle of OPMS is review, and the outcome of the performance review process must inform the next cycle of the IDP compilation/review. There are several components to the integration of the PMS.

PMS determines the visions of the municipality as well as its IDP priorities, objectives, performance management and budget, Council's priorities and objectives. They are based on community needs, the Constitutional mandate of Local Government, national legislation and the general KPIs within the framework of powers and functions of ELM. The Regulations for Municipal Managers and Managers directly accountable to the Municipal Managers (2006) 26(6) outlines five Key Performance Areas for Municipal Manager and the S57 Managers and these are as follows:

- ✓ Basic Service Delivery
- ✓ Municipal Transformation and Institutional Development
- ✓ Local Economic Development
- ✓ Municipal Financial Viability and Management; and
- ✓ Good Governance and Public Participation

The KPA's of the Elundini Municipality IDP 2014/2015 is being reviewed and will be aligned accordingly.

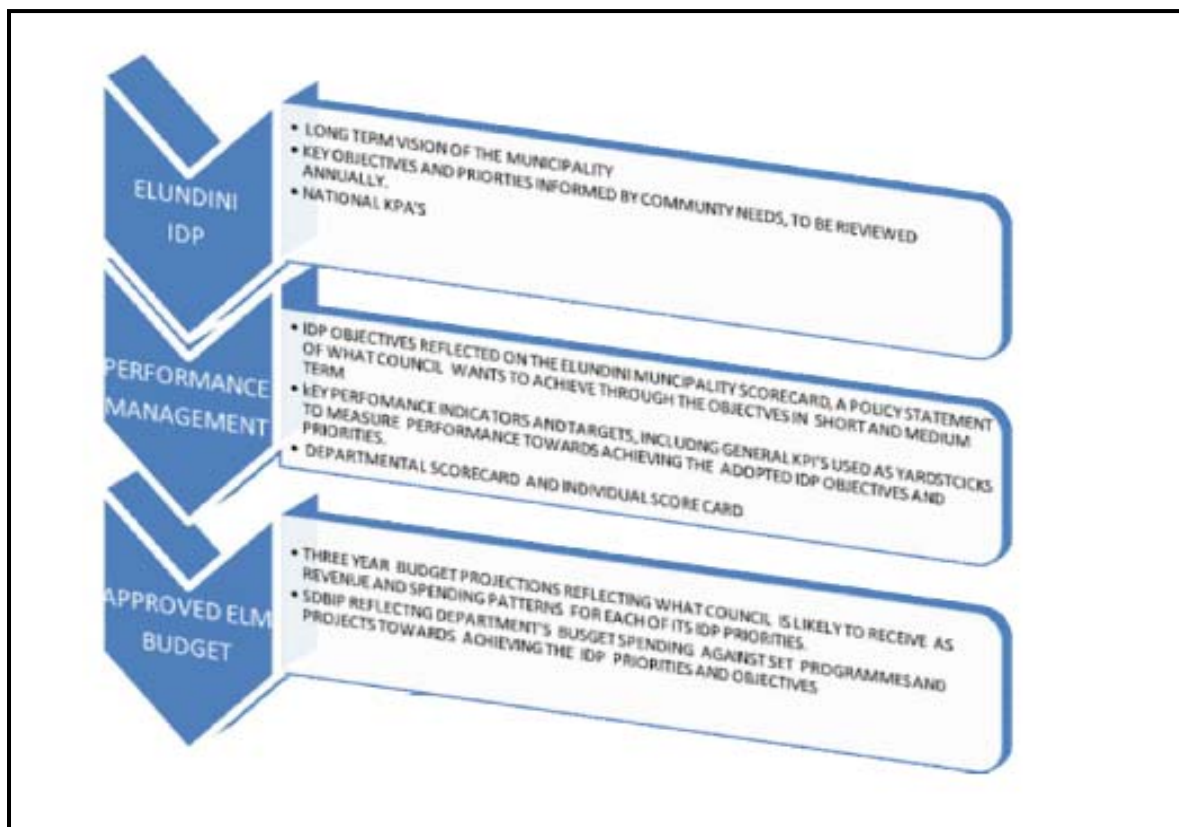


Figure: Linkage between IDP Budget & PMS

2.1 TRACKING AND REPORTING PROGRESS

- The department of Strategic Planning and Economic development prepares tailor made reporting templates for each department to report its performance two weeks before the end of each quarter.
- Circulate the template which a schedule of submission date to all Section 57 managers
- The S57 Managers submit quarterly reports to the Municipal Manager via the Strategic Planning and Economic Development Department.
- The department through its tool, verify the reports and indicate to the departments where the gaps are

- After the gaps are closed, a consolidated quarterly report is submitted to the Municipal Manager, who then submits it to the Internal.
- The Internal Auditors provide quarterly audit reports to the Municipal Manager and the Performance Audit Committee.
- The Audit Committee convenes at least four times per annum and four audit committee reports are submitted to the Council. These reports must include enough details so that early warning signals of underperformance can be detected. The reports must also indicate corrective measures where such under-performance has been identified.
- The Municipal Manager oversees the compilation of an annual performance report to the Council, which report is then also submitted to the Auditor General.
- Within one month of receiving the AG's audit report on the Performance Information and the Audited Financial Statements of the previous financial year, the Municipal Manager must submit to the Council a consolidated Annual Report for adoption. The media, community, AG and MEC must be informed of the meetings at which this report will be tabled. The minutes of the meeting/s should be provided to the Auditor General and the MEC. The adopted annual report must be made available to the media, public and interested parties and submitted to the MEC.

The Consolidated Annual Report to include:

- ❖ The Performance Report reflecting the:
 - ✓ Performance of the Municipality and any service provider based on the KPIs and specifying the extent to which targets were achieved;
 - ✓ Measurements taken or to be taken to improve performance;
 - ✓ Development and service delivery priorities and targets set for the following year and reasons for significant differences in these targets from the one to the other year;
 - ✓ A statement by the external auditor concerning the reasonableness of the report.
- ❖ Audited financial statements for the year
- ❖ Annual audit of the Auditor General on the PMS report
- ❖ Any other legislated matters for reporting.

2.2 PUBLICATION OF PERFORMANCE REPORTS

- ❖ The ELM publishes at least once a year a public report on its performance in terms of the MSA, 2000.
- ❖ Existing Public Participation Structures and mechanism for ELM which will be used include:
 - ✓ IDP Rep Forum
 - ✓ Youth & Women Groups
 - ✓ Disability Groups
 - ✓ Local Newspaper
 - ✓ Audio Media / Loud Hailers
 - ✓ Public Notices

2.3 PUBLIC FEEDBACK MECHANISMS

- ❖ The public Feedback on reported performance can be obtained if the public are aware of dedicated mechanisms for submitting feedback such as:
 - ✓ Telephone numbers (toll free)
 - ✓ Fax lines
 - ✓ Emails
 - ✓ Feedback boxes at Municipal Services offices
- ❖ The Elundini will develop a comprehensive Communications strategy to among other things propose public feedback mechanism and structures for ELM. Upon its adoption this section will be read together with that policy and or strategy.

3 PERFORMANCE REVIEWS AND ASSESSMENTS

Performance review is a process whereby the municipality, after measuring its own performance, assesses whether it is doing the right things and doing them right. The municipality is required to identify strengths, weaknesses, opportunities and threats of the municipality in meeting the key performance indicators and performance targets set by it.

The review framework for Elundini Municipality will be conducted based on the following:

- ❖ Baseline Indicators – this entails assessing whether the current level of performance is better than the previous year by using baseline indicators.
- ❖ Community Feedback – survey to obtain feedback from the community about their views of the performance of the municipality in one PMS cycle.
- ❖ Performance Review in ELM will take place annually at least a month after all Performance Information (PI) has been audited and Auditor Report issued on PI.
- ❖ In the review process, a careful analysis of the municipality performance will be done in order to understand why it has performed well or underperformed in that particular financial year.
- ❖ The results of the review will be used to develop measures to improve performance and inform the planning stage of the following years' institutional scorecards and annual programmes.
- ❖ The lines of accountability with regard to Performance Review can be summarized as follows:
 - ✓ Assistant Managers/Sectional Heads will review performance of their respective functions or sections on a regular basis and should cover all the organisational priorities relevant to the function or section
 - ✓ Executive Management:
 - Review performance quarterly to minimise risks and poor performance.
 - Review performance before reporting to the Executive Committee. This will enable them to prepare and control the quality of performance reports and include adequate response strategies in cases of poor performance.
 - ✓ Executive Committee: As the delegated authority for the management of development of the performance management system in terms of the Act, the Executive Committee plays a most significant role in reviewing the performance of the administration. Review at this level should be strategic and not restrained by operational discussions. The content of the review should be confined to agreed or confirmed priority areas and objectives.
 - ✓ Standing or Portfolio Committees need to review the performance of functions or sections according to their assigned portfolios on a regular basis, i.e. quarterly.
 - ✓ Council should review the performance of the municipal council, its committees and the administration at least twice per year.

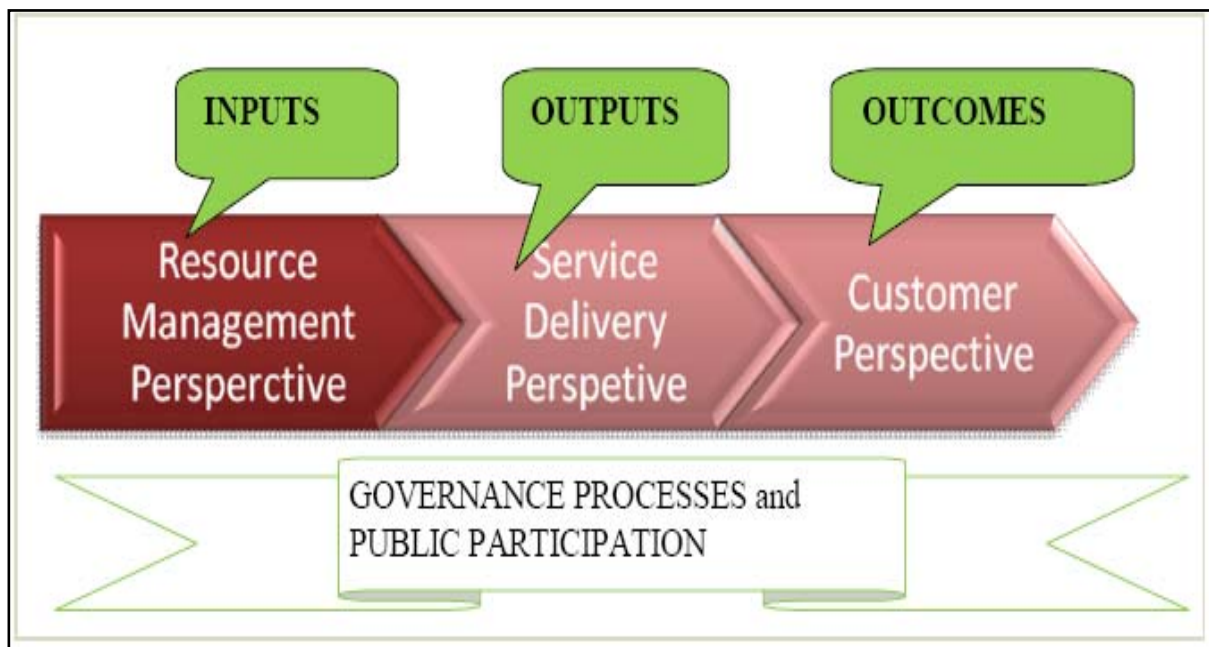
- ✓ The public: It is required by the Act and the Regulations published in accordance therewith, that the municipality secure community participation in the review process. This could ideally be done when the annual report is compiled at the end of the financial year.

4 MONITORING AND MEASUREMENT FRAMEWORK

Monitoring is a continuous process of measuring, assessing and analysing and evaluating the performance with regard to the SDBIP, KPI's and targets. Performance measurement is essentially the process of analysing the data provided by the monitoring system on order to assess performance. The preferred and adopted model for Performance Management in Elundini Municipality is the Municipal Scorecard Model.

According to this model, in measuring performance municipalities need to look at:

- ❖ Inputs: (Resources, Financial Perspective)
- ❖ Outputs: (Results, Service Delivery Perspective)
- ❖ Outcomes: (Impact, Customer satisfaction, growth, Quality of Life)



4.1 PERFORMANCE AUDIT

The Municipal Planning and Performance Management Regulations, 2001, require municipalities to develop and implement mechanisms, systems and processes for auditing results of performance measurements as part of its auditing processes:

- ❖ Internal Auditors audit on a continuous basis which will result in quarterly reports being submitted to the Municipal Manager;
- ❖ Audit Committee receives quarterly reports from the Internal Auditors which it reviews together with PMS's economy, efficiency, effectiveness and impact based on the KPI's and Targets;
- ❖ The Audit Committee must submit at least two audit reports to the Council in a financial year.

4.2 EVALUATION

- ❖ In terms of the adopted PMS, the Municipal Manager evaluates the quarterly performance reports from the S.57 Managers and use them to inform the steps to be taken to improve performance to meet annual targets and to intervene in case of red flag situations.
- ❖ The Municipal Manager must submit a consolidated quarterly report to the Internal Auditors. The Auditors must evaluate these reports together with other information obtained through their auditing obligations and in turn must provide the Municipal Manager with quarterly Audit Reports.
- ❖ The Municipal Manager then submits such reports as prescribed to the Council including a consolidated annual report for adoption by the Council.
- ❖ The Council must assess the performance of the Municipal Manager and S.57 Managers during June/July of each year with the assistance of an independent facilitator as further detailed in their performance agreements.
- ❖ The S.57 Managers must evaluate the quarterly performance reports from the Sectional Heads and use these to inform their own quarterly reports to the Municipal Manager.

5 EMPLOYEE PERFORMANCE APPRAISAL

- The performance appraisal of the Assistant Managers/ Sectional Heads will be the responsibility of the S.57 Managers with the assistance of an independent facilitator.
- These appraisals will be done on an annual basis as further detailed in the performance agreements of Assistant Managers and Sectional Heads prior to the Council's appraisal of the S.57 Managers.
- The S.57 Managers, Assistant Managers and Sectional Heads must ensure performance appraisal interviews are done on a regular basis by the appraisers within their respective departments/sections as further set out below, co-ordinate the results thereof and through their own quarterly reports report on the progress with implementation of the system, successes and failures thereof and problems experienced.
- Assistant Managers / Sectional Heads will be responsible for the performance interviews with their respective middle management employees.
- The first round of assessments executed for middle management staff could be done with the assistance of an independent facilitator should the staff so prefer.
- Thereafter the option of requesting a co-appraiser to be present at their interviews will be available to these employees.
- Pre-designed and anonymous peer review questionnaires must be completed for employees on post levels 4 to 8 and submitted to the appraiser to be integrated with the other data to be obtained for the performance interview. The results of these questionnaires will be dealt with on a confidential basis.
- The appraisals of lower level employees must be carried out by their immediate supervisor or line manager who has the best knowledge of the content of the job concerned and in a position to observe the employee's performance on a daily basis.
- If no suitable supervisor or line manager is available to do the performance appraisal, the head of the section must take responsibility for the performance appraisal.
- If an employee is of the opinion that exceptional circumstances exist which requires a co-appraiser to be present at the appraisal interview, the matter must be taken up with the relevant S.57 Manager. In such circumstances the S.57 Manager or the S.57 Manager of the CSD could also fulfil the role of a co-appraiser.
- The first formal performance appraisals of a staff level will take place three months after introduction of the system to such a staff level and thereafter on an annual basis.

- The steps to be taken to rectify substandard performance or enable continued support, coaching and counselling based on the results of the performance appraisals will be implemented on a continuous basis determined by the circumstances of each individual case. These performance meetings must be of a more informal nature but still recorded in writing.
- The time and place of annual interviews must be mutually agreed between the appraiser and appraisee. An employee must not be given less than two weeks to prepare for the appraisal interview. The time allowed for the actual interview will vary according to the complexity of the job and each individual's circumstances.
- The place where a performance interview is conducted must be comfortable for both the appraiser and the appraisee and care must be taken that the place is quiet, no interruptions will occur during the duration of the interview and confidentiality is protected.
- Written feedback on the annual performance appraisal must be given to an employee within a reasonable period after the performance interview. A reasonable period would not exceed four weeks.

6 PERFORMANCE IMPROVEMENT

Although the municipality should strive to continuously improve performance to meet the needs of communities, it is poor performance that needs to be addressed as a matter of priority:

- The Council must advise the Municipal Manager on steps to be taken to improve performance based on the Auditor General's assessment. The IDP review process must provide a barometer of how well the Municipality performed in terms of service delivery and, if as prescribed, the community is provided with the Consolidated KPIs and Targets document, the latter could serve to inform the community's input in the review process.
- The training needs of staff, originating from their performance appraisals shall be fed into the Workplace Skills Plan and addressed by the sourcing of relevant providers and training courses to largely address the internal capacity shortcomings of the Municipality.

7 PERFORMANCE INCENTIVES AND REWARDS

- The municipality has reviewed its performance management system in 2014 to accommodate the performance rewards to the deserving lower level staff.
- The performance reward system of the Municipal Manager and the S.57 Managers is built into their contracts of employment and performance agreements as prescribed by the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.
- Based on the Internal Auditors and the Audit Committee's evaluation of the progress made with the PMS and the commitment of management and staff thereto, the Council undertakes to investigate the financial, legal and institutional feasibility of performance rewards and to adopt a Rewards and Incentives Policy in this regard.
- The process will include a consultative process with the ELM Local Labour Forum.
- The criteria to be used is the following:
 - ✓ There should be measurable assessment criteria based on the IDP;
 - ✓ There should be a formal assessment against these criteria through the appraisal system as detailed in this policy;
 - ✓ The results of these assessments should be clear enough and of such a standard that a pre-determined scale of rewards could be based thereon;
 - ✓ In the case of financial rewards, the annual budget must be able to provide for it;

- ✓ An incentive and reward system should not be in conflict with any local government legislation or binding ruling given by the Department of Provincial and Local Government (COGTA), the South African Local Government Association (SALGA) and/or the South African Local Government Bargaining Council (SALGBC).

7.1 SCORECARDS

The appropriate scorecards linked to this IDP will be included as an Appendix to the document.

SECTION G : PROJECT LIST

KPA 2 : BASIC SERVICES AND INFRASTRUCTURE DEVELOPMENT

1. MIG THREE YEAR CAPITAL IMPELEMENTATION PLAN									
2015/2016 FINANCIAL YEAR									
No	Project Name	Ward No	EXTENT OF WORKS	STATUS	Project Value	REGISTRATION STATUS (YES/NO)	MTEF ALLOCATIONS: 2015/16 - 2017/18		
							2015/2016	2016/2017	2017/2018
							R 37,992,000.00	R 39,416,000.00	R 41,550,000.00
1	Project Management Unit	-	-		-		R 1,899,600.00	R 1,970,800.00	R 2,077,500.00
2	Ntushuntushu Access Road (Lower Ngxaza to Qolombana)	5	20km	Implementation Stage	R 10,125,000.00	yes	R 4,670,147.47		
3	Mount Fletcher taxi rank	9	1 unit	Implementation Stage	R 13,578,000.00	Yes	R 4,557,271.20		
4	Construction T18 to Pitseng Access Road	8	6.2km	Implementation Stage	R 4,739,731.33	Yes	R 4,739,731.33		
5	Construction of Pitoli to Emafusini Access Road and Bridge	16	3km	Implementation Stage	R 3,620,000.00	Yes	R 2,250,000.00		
6	Botsabelo Community Hall	7	1 Unit	Implementation Stage	R 2,500,000.00	Yes	R 2,500,000.00		
7	Construction of TV Park Sports Field	3	1 Unit	Implementation Stage	R 5,750,250.00	Yes	R 5,750,250.00		
8	Construction of Nobuntu to Zwelitsha (Hopedale) Access Road	5	4km	Implementation Stage	R 2,600,000.00	Yes	R 1,500,000.00		
9	Construction of Maplotini Access Road	1	3.5km	Implementation Stage	R 2,500,000.00	Yes	R 2,625,000.00		
10	Construction of Phalisa Access Road	1	2km	Implementation Stage	R 2,154,205.64	Yes	R 1,500,000.00		
11	Construction of Mjikelweni access road and bridge	11	5km	Planning stage	R 3,750,000.00	yes	R 3,750,000.00		
12	Construction of Msingizaneni Access Road	8	3km	Require Business Plan	R 2,250,000.00	No	R 2,250,000.00		

No	Project Name	Ward No	EXTENT OF WORKS	STATUS	Project Value	REGISTRATION STATUS (YES/NO)	MTEF ALLOCATIONS: 2015/16	2017/18	MTEF ALLOCATIONS: 2015/16
							2015/2016	2016/2017	2017/2018
13	Construction of Nkolosane Access Road	6	10km	Planning stage	R 7,500,000.00	Yes		R 4,836,950.00	R 2,663,050.00
14	Construction of Vuvu-Nkumandeni Access Road	14	7km	Planning stage	R 8,342,061.69	Yes		R 5,250,000.00	
15	Construction of Upper Sinxako Access Road	6	4km	Planning stage	R 3,000,000.00	Yes		R 3,000,000.00	
16	Upgrading of Popopo Access Road	12	6.7km	Planning stage	R 5,250,000.00	No		R 5,250,000.00	
17	Construction of Nkalweni Community Hall	1	1 Unit	Planning stage	R 2,500,000.00	yes		R 2,500,000.00	
18	Construction of Ugie Sports Field	2	1 Unit	Planning stage	R 5,912,400.00	No		R 5,912,400.00	
19	Construction of Tsitsa River to Sophania Access Road	7	23km	Planning stage	R 15,335,986.00	yes		R 6,945,850.00	R 8,390,136.00
20	Construction of Mbidlana Access Road	17	5km	Planning stage	R 3,750,000.00	No		R 3,750,000.00	
21	Construction of Mpindweni to Jojweni Access Road	7	5km	Require Business Plan	R 3,750,000.00	No			R 3,750,000.00
22	Construction of Ilisolomzi Community Hall	9	1 Unit	Require Business Plan	R 2,500,000.00	No			R 2,500,000.00
23	Upgrading of Sonwabile to Old Location Road and Stormwater	3	4.5km	Require Business Plan	R 21,600,000.00	No			R 7,200,000.00
24	Upgrading of Sithole Streets & Stormwater	3	3km	Require Business Plan	R 14,400,000.00	No			R 4,800,000.00
25	Upgrading of Vincent & Greenfield Streets & Stormwater	3	12km	Require Business Plan	R 57,600,000.00	No			R 7,169,314.00

No	Project Name	Ward No	EXTENT OF WORKS	STATUS	Project Value	REGISTRATION STATUS (YES/NO)	MTEF ALLOCATIONS: 2015/16	2017/18	MTEF ALLOCATIONS: 2015/16
							2015/2016	2016/2017	2017/2018
26	Construction of T74 via Mohoabatsane to Khohlong Access Road	13	4km	Require Business Plan	R 3,000,000.00	No			R 3,000,000.00
27	Lower Tsitsana community hall	4	1 Unit	project registered	R 2,500,000.00	yes			
28	Tembeni housing project: infrastructure	9		require business plan					
29	Maclear emanxiweni housing	4		require business plan					
30	Renovation of Ugie town hall	2	1 Unit	Require Business Plan					
31	Maclear township roads	3		require business plan					
32	Lower Sithana	5		project registered	R 6,750,000.00	yes			
33	Community Hall in Tribal Authority	10		Require Business Plan					
34	Community Hall at Kinira Poort	12		Require Business Plan					
35	Tabase (Bridge between Singingqini & Tsoekile)	13		Require Business Plan					
36	Lenge/ Rhina Bridge	14		Require Business Plan					
37	Liphofung access road	15		project registered	R 10,125,000.00	yes			
38	T83 to Upper Tsitsana Access Road	15		Require Business Plan					
39	Mount Fletcher access roads	9		require business plan					

No	Project Name	Ward No	EXTENT OF WORKS	STATUS	Project Value	REGISTRATION STATUS (YES/NO)	MTEF ALLOCATIONS: 2015/16	2017/18	MTEF ALLOCATIONS: 2015/16
							2015/2016	2016/2017	2017/2018
40	Construction of Mount Fletcher Open Market	9	1unit	Planning stage	R 2,599,610.00	yes			
41	Construction of Ugie Open Market	2	1 unit	Design and Tender Stage	R 2,389,950.00	yes			
42	Upgrading of Kinira Poort Access Road	12	4.5km	Design and Tender Stage	R 1,937,573.42	yes			
	<u>TOTAL FOR MIG PROJECTS</u>						R 37,992,000.00	R 39,416,000.00	R 41,550,000.00

2. ELECTRICITY IMPLEMENTATION PLAN FOR 2015/2016

Strategic Objective	No.	Performance Indicator	Project	Budget
To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water	2.1.1	Functional PSC for rural electrification	Rural Electrification	R 20,000,000
	2.1.1.1	Propose schedule of meetings to relevant stakeholder		
	2.1.1.2	Convene meetings by coordinating stakeholders		
	2.1.2	Rural electrification Designs		
	2.1.2.1	Evaluate reports, designs & drawings produced by PSPs		
	2.1.3	Number of households electrified (2015/2016)		
	2.1.3.1	Implementation plan for Electrification		
	2.1.3.2	Monitor contract performance and compliance with the service level agreements and the contract documents		
	2.1.3.3	(Monthly site meeting minutes, quality test results, approvals, notices issued, commissioning certificates completion certificates, etc.)		
	2.1.4	Extend Electrical Network for new Residential sites	Network Extension In Maclear Town	R 750,000
	2.1.4.1	Network Extension Design		
	2.1.4.2	Appoint Contractor for implementation		
	2.1.4.3	Monitor contract performance and compliance with the service level agreements and the contract documents		

Strategic objective	No.	Performance indicator	Project	Budget
To ensure that all households and the commercial sector has access to basic level of electricity, waste removal and roads & storm water	2.1.4.4	(Monthly site meeting minutes, quality test results, approvals, notices issued, commissioning certificates completion certificates, etc.)		
	2.1.5	% reduction of electricity distribution losses	Meter Installation Upgrades	R 650,000
	2.1.5.1	Implementation of AMR for all customer credit meters		
	2.1.5.2	Installation of metering on all street and high mast light points of supply	Metering of Streetlight Consumption	R 600,000
	2.1.5.3	Metering Point Designs		
	2.1.5.4	Appoint Contractor for implementation		
	2.1.5.5	Monitor contract performance and compliance with the service level agreements and the contract documents		
	2.1.5.6	(Monthly site meeting minutes, quality test results, approvals, notices issued, commissioning certificates completion certificates, etc.)		
	2.1.5.7	Regular Meter Audits, Inspections and Repairs	LDV Vehicle	R 400,000
	2.1.6	Number of High mast and Street light Installed	Installation Of High Mast Lights	R 1,200,000
	2.1.6.1	Facilitate the procurement of a contractor		
	2.1.6.2	Monitor contract performance and compliance with the service level agreements and the contract documents		
	2.1.6.3	(Monthly site meeting minutes, quality test results, approvals, notices issued completion certificates, etc.)		

2.1 ELECTRIFICATION PLAN FOR WARD 1

Project No.	Village Name	Scope of work	H/H	Implementing Agent	Implementation Date	Cost per connection	Cost for village infrastructure	Bulk supply lines (to villages)	Total cost
1	Elunyaweni B	266 connections incl. 1,6 km of link line from Ncembu	266	Department of Energy	2015/2016	R 21 975.06	R 5 845 365.50	R -	R 5 845 365.50
2	Trustini	125 connections incl. 1,3 km of link line from Link Line	125	Department of Energy	2015/2016	R 19 599.18	R 2 449 896.88	R -	R 2 449 896.88
3	Mission	240 connections incl. 3,0 km of link line from Mdeni	240	Department of Energy	2015/2016	R 24 810.90	R 5 954 616.22	R -	R 5 954 616.22
4	Mamfengwini	232 connections incl. 1,3 km of link line from Mission	232	Department of Energy	2015/2016	R 24 785.01	R 5 750 121.42	R -	R 5 750 121.42
5	Luthuthu	248 connections incl. 1,2 km of link line from Taleni	248	DBSA	2015/2016	R 20 977.50	R 5 202 420.34	R -	R 5 202 420.34
6	Ntendeleshe	128 connections incl. 1,2 km of link line from Link Line	128	DBSA	2015/2016	R 31 044.75	R 3 973 727.65	R -	R 3 973 727.65
7	Phalisa	78 connections incl. 4,2 km of link line from Link Line	78	DBSA	2015/2016	R 40 886.11	R 3 189 116.72	R -	R 3 189 116.72
8	Ntushuntushu	89 connections incl 5,0 km of link line from Link Line	89	DBSA	2015/2016	R 62 150.39	R 5 531 384.85	R -	R 5 531 384.85
9	Ncembu Link Line	Construction of 12 km link line from Mission to Ntendeleshae	-	DBSA	2015/2016	R -	R -	R 4 000 000.00	R 4 000 000.00
10	Voltage Regulator	Installation of Voltage Regulator	-	Pending Eskom	2015/2016	R -	R -	R 2 300 000.00	R 2 300 000.00
11	Ugie Link Line	Construction of 9,0 km link line from KNGJ002-22	-	DBSA	2015/2016	R -	R -	R 3 000 000.00	R 2 865 158.00
12	Eskom Fees	5% surcharge and meters	-	DBSA	2015/2016	R -	R -	R 2 669 632.12	R 2 669 632.12
TOTAL			1 406			R 30 778.61	R 37 896 649.58	R 11 969 632.12	R 49 731 439.70

3 ESKOM ELECTRICITY INFRASTRUCTURE PROJECTS

Project Name	Project Objectives	Planned completion date (Subject to availability of funds)
Elliot Ugie 22kV Refurbishment	An old line with defects and ageing structures; which according to a conducted inspection results showed a refurbishment need.	2014
Ugie Elliot 22kV Refurbishment	An old line with defects and ageing structures; which according to a conducted inspection results showed a refurbishment need.	2014
Ugie Maclear 22kV Refurbishment	An old line with defects and ageing structures; which according to a conducted inspection results showed a refurbishment need.	2015
Mathafeni-Mount Fletcher Feeder Line	This feeder will solve the reliability problem on Mathafeni and will enable the connection of electrification projects dependent on Mathafeni substation.	2015

4 JOE GQABI DISTRICT MUNICIPALITY – 3 YEAR INFRASTRUCTURE PLAN (2015/16 – 2017/18)

No.	Project No.	Project Name	LM	Project Type Water Sanitation	Project Status For Example: Not Yet Registered Design And Tender Construction Indicate For Any Status	Approved Budget	Source Of	Budget Implication	Projected Expenditure 2015/2016 (Incl. Vat)	Projected Expenditure 2016/2017 (Incl. Vat)	Projected Expenditure 2017/2018 (Incl. Vat)
		MIG									
1	TBA	Ugie Bulk Water Infrastructure Phase 2	Elundini	Water	Registration	TBA	MIG	CAPITAL	R 2,000,000	R 5,000,000	R 10,000,000
2	MIG/EC670	Ugie Sanitation Infrastructure	Elundini	Sanitation	Construction	R 49,104,611	MIG	CAPITAL	R 7,000,000	R 5,000,000	R 10,000,000
3	MIG/EC1211	Mt Fletcher Villages - Bulk Water Supply Scheme	Elundini	Water	Construction	R 152,000,000	MIG	CAPITAL	R 7,500,000	R 5,000,000	R 5,000,000
7	MIG/EC20100001	Elundini Rural Sanitation Programme	Elundini	Sanitation	Construction	R 182,117,245	MIG	OPERATIONAL	R 25,000,000	R 20,000,000	R 20,000,000
8	EC20110081	Elundini Rural Water Programme	Elundini	Water	Registered	R 143,813,803	MIG	CAPITAL	R 15,000,000	R 20,000,000	R 15,000,000
11	EC2012142	Maclear Upgrading of Bulk Water Services	Elundini	Water	Registration	R 95,995,638	MIG	CAPITAL	R 5,000,000	R 15,000,000	R 17,000,000
12	EC2012141	Maclear Upgrading of Bulk Sanitation	Elundini	Sanitation	Registration	R 49,006,769	MIG	CAPITAL	R 15,000,000	R 15,000,000	R 18,009,000
		RHIP (DHS)									
		Elundini rural sanitation	Elundini	Sanitation	Planning	4,500,000.00	DHS	OPERATIONAL	R 0	R 4,500,000	R 4,745,000

4.1 MIG-ORIO FUNDED ELUNDINI WATER PROGRAMME

MIG-ORIO Funded Elundini Water Programme

Ground Water Villages:	61		
Ground Water and Spring Protection Villages:	13	Total Ground Water:	74
Rainwater Harvestation Villages:	33	Rainwater Pilot:	6
Total	107	Total	80

WARD	NO	ZONE	MAIN VILLAGE/ REGION	SUBURB / SUB- VILLAGE	LOCALITY		Future Water Supply Type	SOURCE
					X	Y		
1	401	1	Gqaqhala		-31.2781	28.4137	Groundwater	G
1	414		Gqaqhala		-31.2688	28.4238	Groundwater	G
1	403		Umnga Flats/ Trustini	-	-31.4379	28.3685	Groundwater	G
1	405		Elalini		-31.3306	28.3862	Groundwater	G
1	406		Kwa Josefu		-31.3301	28.4174	Groundwater	G
1	410		Nayijele		-31.2940	28.4325	Groundwater	G
1	411		Maqangulweni		-31.2872	28.4450	Groundwater	G
1	419		Cicira		-31.2585	28.4470	Groundwater	G
1	412		Sihlehleni		-31.3090	28.4433	Groundwater	G
1	413		Daluxolo/Maplotini	-	-31.3533	28.3728	Groundwater	G
1	430		Phalisa		-31.3588	28.4368	Groundwater	G
6	234	1	Ngcele		-31.1617	28.5305	Groundwater	G
5	426		Ntabenanga		-31.1598	28.5601	Rainwater Harvesting	R
5	420		Maxhegwazana		-31.2243	28.5879	Pilot Rainwater Harvesting	R
5	421		Mpunkone		-31.2255	28.5770	Rainwater Harvesting	R

WARD	NO	ZONE	MAIN VILLAGE/ REGION	SUBURB / SUB- VILLAGE	LOCALITY		Future Water Supply Type	SOURCE
					X	Y		
5	422		Ntywenka		-31.2182	28.6056	Groundwater	G
5	645	-	ePifane		-31.1804	28.5047	Groundwater	G
5	423		Sithana		-31.1848	28.4738	Groundwater	G
5	424		Mbonisweni		-31.2127	28.5061	Rainwater Harvesting	R
5	433		Mcwangele	Mcwangene / Mkwangele - A	-31.2098	28.4578	Rainwater Harvesting	R
5	437		Mcwangele B	Nopepu	-31.2286	28.5026	Pilot Rainwater Harvesting	R
5	425		Sidakeni		-31.2065	28.5454	Rainwater Harvesting	R
5	427		Mtshezi		-31.1882	28.5389	Rainwater Harvesting	R
5	428		Lower Ngxaza		-31.2262	28.5328	Groundwater	G
5	429		Ntushuntushu		-31.2403	28.5092	Groundwater	G
17	416	1	Mdango	Mbidlana	-31.2191	28.4105	Groundwater	G
17	418		Mbidlana	Mbidlana - A	-31.2432	28.4062	Groundwater	G
6	417		Qurana		-31.1546	28.6632	Groundwater	G
6	633		Matolweni		-31.1380	28.6700	Groundwater	G
6	429		Qulungashe		-31.1117	28.6446	Groundwater	G
6	638		Mqokolweni		-31.1224	28.5872	Groundwater	G
6	639		Nkolosane		-31.1399	28.4946	Groundwater	G
4	447	2	Platana		-30.8503	28.3706	Spring & Groundwater	G+S
4	463		Sgoga		-30.9156	28.3771	Groundwater	G
4	464		Tshikaro		-30.8970	28.3693	Groundwater	G
4	465		Qhobong		-30.8896	28.3543	Spring & Groundwater	G+S
4	466		Matugulu		-30.8840	28.3581	Spring & Groundwater	G+S
4	467		Mission		-30.8818	28.3502	Spring & Groundwater	G+S
4	446		Ngqwaneni		-30.8759	28.3966	Spring & Groundwater	G+S
4	468		Namba		-30.8657	28.3605	Spring & Groundwater	G+S

WARD	NO	ZONE	MAIN VILLAGE/ REGION	SUBURB / SUB- VILLAGE	LOCALITY		Future Water Supply Type	SOURCE
					X	Y		
4	469		Mabalane		-30.8481	28.3397	Spring & Groundwater	G+S
4	471		Komkhulu		-30.8312	28.3027	Pilot Rainwater Harvesting	R
4	472		Farming		-30.8348	28.2796	Spring & Groundwater	G+S
4	482		Mlamla		-30.8436	28.3569	Groundwater	G
4	635		Saqhute		-30.8615	28.3193	Rainwater Harvesting	R
7	431	2	Botshabelo		-30.9646	28.5493	Groundwater	G
7	432		Phamini		-30.9563	28.5636	Groundwater	G
7	445		Zwelitsha / Marombe		-30.9193	28.5859	Groundwater	G
7	451		Zinkumbini	Borders Platana	-30.9328	28.5249	Groundwater	G
7	642		Hlangalani		-30.9328	28.5289	Groundwater	G
7	434		Ramatee		-30.9600	28.5108	Groundwater	G
7	449		Platana		-30.9216	28.5342	Groundwater	G
8	508	2	Nkobongo		-30.7757	28.5762	Groundwater	G
8	509		Pretoria		-30.7814	28.5922	Rainwater Harvesting	R
8	510		Nkamane		-30.7339	28.5745	Rainwater Harvesting	R
8	511		Ntabelanga		-30.7250	28.5574	Pilot Rainwater Harvesting	R
8	461		Calucalu		-30.8104	28.5631	Groundwater	G
8	506		Purutle		-30.7651	28.4423	Groundwater	G
8	507		Pitseng / Mbizeni		-30.7385	28.4378	Rainwater Harvesting	R
8	512		Ditoteng / Zitoteng		-30.7200	28.5205	Groundwater	G
16	436	2	Hlankomo 5		-30.9133	28.4268	Spring & Groundwater	G+S
16	443		Ntatyana		-30.8985	28.4345	Spring & Groundwater	G+S
16	448		Hnankomo		-30.9120	28.4055	Groundwater	G
16	435		Taung		-30.9441	28.4657	Spring & Groundwater	G+S
16	450		Mdeni		-30.9280	28.4639	Spring & Groundwater	G+S

WARD	NO	ZONE	MAIN VILLAGE/ REGION	SUBURB / SUB- VILLAGE	LOCALITY		Future Water Supply Type	SOURCE
					X	Y		
16	453		Karadokwe		-30.8984	28.4863	Groundwater	G
16	444		Frank Moshoeshoe		-30.9019	28.5043	Groundwater	G
16	454		Magedla		-30.8807	28.4829	Rainwater Harvesting	R
16	455		Nkangala /Magedla		-30.8670	28.4638	Rainwater Harvesting	R
16	458		Satchabaxeni / Chevy Chase		-30.8435	28.4965	Spring & Groundwater	G+S
16	459		Nkalweni / Kete Kete		-30.8334	28.5472	Groundwater	G
16	628		Mcambalala		-30.9017	28.4076	Groundwater	G
16	462		Moreneng		-30.8202	28.5353	Rainwater Harvesting	R
15	476	3	Diphakoang		-30.6340	28.4279	Rainwater Harvesting	R
15	643		Liphofung		-30.7051	28.3065	Rainwater Harvesting	R
15	644		Siphola		-30.6987	28.3238	Rainwater Harvesting	R
10	620	3	Mbambangwe		-30.6327	28.5485	Groundwater	G
10	483		Mabalane		-30.6056	28.4656	Groundwater	G
10	647		Nkalweni		-30.6205	28.5478	Groundwater	G
10	622		Silindini		-30.6614	28.5489	Groundwater	G
13	491	3	Diphokong		-30.6029	28.3649	Groundwater	G
13	492		Botshabelo		-30.5907	28.3833	Groundwater	G
13	631		Tswerika - Thabase		-30.5065	28.2745	Rainwater Harvesting	R
13	632		Sgingqini - Thabase		-30.4958	28.2867	Rainwater Harvesting	R
11	629		Mafusini - Thabase		-30.5265	28.3217	Rainwater Harvesting	R
11	630		New stands - Thabase		-30.5199	28.2818	Rainwater Harvesting	R
11	494		Fletcherville		-30.6195	28.4202	Groundwater	G
11	611		Mjikelweni		-30.5810	28.3967	Groundwater	G
11	499		Fletcherville (Potsef)		-30.6103	28.4053	Groundwater	G
11	500		Lebeseng	Lubisini	-30.5427	28.4728	Groundwater	G

WARD	NO	ZONE	MAIN VILLAGE/ REGION	SUBURB / SUB- VILLAGE	LOCALITY		Future Water Supply Type	SOURCE
					X	Y		
11	626		Ntabayikhonjwa		-30.5397	28.4315	Groundwater	G
11	623		Trustini		-30.5497	28.4828	Groundwater	G
12	624	3	Khalazembe		-30.5295	28.4628	Groundwater	G
12	497		Popopo		-30.4560	28.5718	Rainwater Harvesting	R
12	503		Mabekong		-30.5173	28.4914	Groundwater	G
12	504		Matsitsing	Madumasini	-30.4934	28.4858	Groundwater	G
14	474	3	Satube / Setube		-30.6620	28.2691	Rainwater Harvesting	R
14	475		Thabakgubedu / Thabakhobelu		-30.6560	28.2544	Rainwater Harvesting	R
4	484		Leng / Lenge		-30.6458	28.2100	Groundwater	G
4	485		Bethula	Ulundi	-30.6291	28.2161	Rainwater Harvesting	R
14	486		Ha-Nokhohloko	Bethula	-30.6180	28.2281	Pilot Rainwater Harvesting	R
14	487		Vuvu		-30.6079	28.2274	Rainwater Harvesting	R
14	488		Phuting		-30.5622	28.2461	Rainwater Harvesting	R
14	489		Nqalweni / Nqalani		-30.5863	28.2663	Groundwater	G
14	490		Tutsing		-30.5880	28.3476	Rainwater Harvesting	R
14	613		Zindawa		-30.5877	28.2335	Pilot Rainwater Harvesting	R
14	473		Lehana's Pass		-30.6581	28.2151	Groundwater	G
						TOTAL		
							G	61
							R	33
							G+S	13
							TOTAL	107
							G+(G+S)	74

5 HUMAN SETTLEMENT ELUNDINI PROJECTS

Project Name	Number of units	Amount
Ngcele 500	120 units	R 12 120 Million
Katkop 500	120 units	R 12 120 Million
Mangoloaneng 365	110 units	R 10 780 Million
Sinxako 486	30 units	R 2 700 Million
Mbidlana 300	30 units	R 2 700 Million
Mqokolweni 305	30 units	R 2 700 Million
Kuebong 290	30 units	R 2 700 Million
Elundini 100	50 units	R 5 250 Million

6 NTABELANGA MULTI PURPOSE SCHEME COST ESTIMATE

COMPONENT	CAPITAL COST R 'Millions
Ntabelanga Dam and Associated Works (incl. Esc + VAT)	1 996
Ntabelanga WTW, Potable and Irrigation Water Systems (incl. Esc + VAT)	6 385
Total in-farm irrigation investment costs (incl. Esc + VAT)	180
TOTAL FOR NTABELANGA MULTI-PURPOSE SCHEME (INCL. ESC AND VAT)	8 561

7 SMALL TOWN REGENERATION PROJECTS

COMPONENT	CAPITAL COST
Office park development in Mount Fletcher	R 140 Million
245 & 246 commercial development	R 1 Billion
Wool hub development	R 140 million
Taxi rank in Mount Fletcher	R 15 Million
Craft centre	R 3 Million
Mount Fletcher by-pass	R 7 Million

8 OTHER KEY STRATEGIC ECONOMIC DEVELOPMENT PROJECTS

COMPONENT	CAPITAL COST
Community Forestry Development	R 13 Million
Timber and Furniture Development	R 1 Billion
Feed lot (by JoGeda)	R 10 Million
Maclear middle income housing development (by JoGeda)	R50 Million
Soya and sorghum development	R200 Million

9 SOCIAL COHESION PROGRAMMES

DEPARTMENT	PROGRAMMES / PROJECTS	SUPPORT	BENEFICIARIES
Elundini Local Municipality	Mayor's Social Investment	R450 000	Communities, Students & Schools
	Mayoral Cup	R600 000	Youth and sport veterans
Social Development and Special Programmes	Teenage Against Drug Abuse	R 122 000	Youth
	Advice Centre	R 350 000	Communities
	Survivor Support	R 820 000	Women and Children
	Community Based & HCBCs	R 1 050 000	Affected and Infected Communities
	Family Preservation	R 80 000	Families
Economic Development, Environmental Affairs and Tourism	Elundini Water Bottling Cooperative	R 1 000 000	Communities
	Elundini Furniture Manufacturing	R2 503 265	Communities
	Elundini Local Business Survey	R 500 000	SMMEs
Sport, Recreation, Arts and Culture	Libraries and Information Services	R128 000	Students and Communities
	Sport Development	R 40 000	Youth and sports activists
	Recreation Development	R 60 000	Communities
	Leagues and Hub Festivals	R350 000	Youth & sport activists
	School sport	R693 535	Scholars/Student
	Club Development	R101 250	Youth
Rural Development and Agrarian Reform	Food Security	675 HA	Communities and Farmers
	Fencing	601 HA	Communities and Farmers
	Shearing Shed	3	Communities and Farmers
Health	Community Based Services	R166 969	
	Bursaries & Cuban Scholarships	10 scholarships	Scholars / Students

SECTION H: FINANCIAL VIABILITY AND FINANCIAL PLAN

In accordance with the outcomes of the latest assessment conducted as part of the midterm review for the 2014/2015 financial year in accordance with the provisions of section 72 of the Municipal Finance Management Act, the Elundini Local Municipality is beginning to show signs of financial instability which are threatening the municipality's ability to meet its financial commitments. The genesis of the emerging problems, as reported in the mid-term assessment, is the long term vacancy in the position of Chief Financial Officer, exacerbated by a spate of resignations of other key officials within the financial services department.

Significant reforms within the adoption of new accounting standards, being Generally Recognised Accounting Practice (GRAP), coupled with significant reforms within Municipal Budgeting and Reporting Regulations has significantly enhanced the credibility, sustainability, transparency, accuracy and reliability of financial planning, management and reporting within the Elundini Local Municipality

In meeting the demands associated with modernised practices towards sustaining and enhancing financial viability; and addressing the specific needs of Elundini LM within the context of limited resources and mounting service delivery expectations, has necessitated that a comprehensive integrated approach towards financial sustainability be developed.

In terms of the approach adopted, the report will clearly define financial risks which have been identified as being a financial threat to the long term sustainability of the Organisation, linked to key challenges, with a detailed focus on effective strategies employed to mitigate against financial threats and weaknesses, concluded by a detailed analysis of the service delivery package and associated financial implications on the operations, statement of financial position and cashflows for the MTREF 2015/2016 - 2017/2018 which collectively aims to position Elundini LM on a sustainable approach to service delivery.

8.1. FINANCIAL RISKS AND KEY CHALLENGES

In order to maintain and improve on the financial efficiencies and position of Elundini LM, certain risks need to be managed, while financial management practices need to be continuously improved.

The key financial risks confronting the Municipality can be summarized as follows:

- a) Long term vacancies in key positions
- b) Limitation on Revenue Raising Capacity due to high poverty indices;
- c) Maintaining existing collection levels and arresting the debt composition associated with Low level Service Offerings;
- d) Financial Distress- ratio analysis- specific on Working capital elements - containment of costs within set benchmarks as established within the budget process;
- e) The escalation of electricity costs due to tariff increases imposed by Eskom and the effect on affordability and non-payment levels;
- f) Deficit position associated with trading services
- g) non recovery of costs on the activities of the municipality's roads construction unit;
- h) Increases associated with deferred maintenance and backlog eradication;

8.2. KEY CHALLENGES

- a) Regulations on the appointment and conditions of employment of senior managers have a negative impact on small rural municipalities with an inadequate revenue base;
- b) Repeat compliance findings, thereby thwarting the municipality's desire to attain a "clean audit" opinion;
- c) Affordability of a desired Organizational Structure;
- d) High turnover level on key staff positions
- e) Reducing overall cost exposure, maximize productivity and enhance revenue streams;
- f) The need to improve customer care functioning;
- g) The need to ensure legal compliance through all procedures and programmes;
- h) Recurring under spending of the capital budget;
- i) % Capital budget allocations to refurbishment of existing infrastructure;
- j) Deficit position of trading and economic services operations

8.3. FINANCIAL STRATEGIES

The Financial Strategy has been formulated to ensure that the Elundini Local Municipality maximizes all available opportunities that would enhance Council's financial strength especially considering the cost-shift environment that has been created with the implementation of assigned powers and functions.

Council's overall Financial Strategy is structured into the following core components to allow for a clearer understanding of the overall task:

- 1) Revenue enhancement and maximization Strategies
- 2) Asset Management Strategies
- 3) Financial Management Strategies
- 4) Capital Financing Strategies
- 5) Operational Financing Strategies
- 6) Supply Chain Management Turnaround Strategy
- 7) Cost Containment Strategies
- 8) Free Basic Services and indigent Support

These segments are intended to provide operational guidance to staff to assist them in achieving identified objectives and goals.

Importantly the Strategies formulated are deemed to be primary mitigating tool against the financial risks identified, and giving effect to the objectives of the Integrated Development Plan, through ensuring that the performance targets as per the Budget underlying the IDP are achieved.

The strategies are premised on ensuring compliance with adopted financial policies, modelled on modernised reform practices applicable to Local Government.

8.4. REVENUE ENHANCEMENT AND MAXIMISATION STRATEGY FOR FINANCIAL RECOVERY

The purpose of this strategy is to ensure that all possible avenues are explored to maximise the receipt of any monies available to Council by way of intergovernmental transfers and Grants or Donations, including expanding the billing database and maximising income opportunities on every registered serviced site within the LM's jurisdiction.

The second component of this strategy focuses on strengthening and building capacity within credit control and debt management practices and processes of Council, ensuring the attainment and exceeding of collection rates in line with key budgetary requirements.

The third component of the strategy focuses on maximising the registration of households eligible for participation within the Free Basic Services programme of Council, this component is aimed at arresting spiralling debts associated with this user group, and limiting consumption of services in line with the FBS allocation threshold.

In line with the strategy employed, Council has formalised the appointment of a Specialist Service Provider on a contingency arrangement over three years to undertake revenue enhancement and debt reduction, with a special focus on skills transfer to a dedicated internal unit that will be created during the 2015/2016 financial year. It must be indicated that the procurement related challenges associated with the appointment of the service provider, resulted in the municipality experiencing a near cash crunch around November 2014. The municipality is however recovering from this near tragedy.

The success of this programme in the past has been profound, in that the organization has effectively been able to sustain collection rates in excess of 80% in line with budget expectations over the Medium Term Revenue Expenditure Framework. The previous collection levels registered are currently being threatened by a number of factors, including position statements by the Eastern Cape Department of Roads and Public works against paying assessment rates on public service infrastructure and un-surveyed rural schools and clinics, a matter that is being addressed by the municipality and the department at a bilateral level.

Financial performance as per the mid-term assessment (2014/2015) reveals that the municipality's collection level is at 36%, and the underlying factors for this poor performance are recorded, inter alia, as being the long term vacancy in the position of Chief Financial Officer, and an apt demonstration of lack of leadership in the implementation of the municipality's Credit Control and Debt collection Policy. It is noted, though, that the subsequent report presented by the mayor in terms of section 52 (d) of the Municipal Finance Management Act (Act No 56 of 2003), shows a significant improvement in the collection levels. This is due, primarily, to the payment of the assessment rates on public service infrastructure by the EC department of roads and public works.

The estimated increase of 30% in the equitable share allocation for the 2015/2016 financial year, over the previous financial year, has enabled the resourcing of various important functions, viz. the recapitalization of infrastructure for solid waste delivery, as well as providing seed capital for initiatives with a potential for tourism in Ugie.

8.5. SUBSIDIES AND GRANTS

In order for Elundini LM to obtain maximum benefit from external monies available, a policy laying out the relevant procedures has been put in place within the Institution to ensure that all grants, donations and subsidies are investigated, applied for and received at the appropriate times. The policy will ensure that Council receives maximum benefit from external funding available.

The ELM has entered into a Service Level Agreement with the Department of Roads and Public works, whereby the ELM undertakes road construction and maintenance activities on District Roads, the Revenue Inflows associated with this activity is estimated at R 4 Million per annum. The ELM has concluded a partnership with the Development Bank of SA in terms of which 75% of the Municipal

Infrastructure Grant (MIG) and the Integrated National Electrification Programme (INEP) Grant for the outer MTEF years will be front loaded for the acceleration of infrastructure service delivery. Accompanying this arrangement is grant funding to enable a study of the electrification service at ELM, to ensure that the service is not being run at a loss.

Finally, the ELM had applied to National Treasury for an allocation of R 5 million towards Infrastructure skills development to underpin ELM commitment to accelerate service delivery imitative premised on infrastructure rollout. However, National Treasury has suggested that this application be held in abeyance and resubmitted in August 2015.

8.5.1. CAPITAL TRANSFERS- MTREF 2015/16-2017/18 - ELUNDINI LM

In terms of the DORA the indicative allocations as defined within table A4 clearly defines that over the MTREF 2015/16 to 2017/18 Elundini LM will receive R 118.958 Million prioritized for road infrastructure.

The INEP allocation for the 2015/2016 – 2017/2018 MTREF amounts to R60 million, and is set to increase with excellent spending levels which will address the plight of the people of ELM, in terms of which a paltry 35% are connected to the grid As highlighted in the foregoing paragraphs, both the outer year components of these grants will be accessed earlier through the front loading exercise with the DBSA

8.5.2. IN-KIND ALLOCATIONS

In terms of the Water Services Development Plan of the Joe Gqabi DM, direct investment into water infrastructure within the Elundini Municipal area has been quantified at R 236.07 Million over the 2014/2015-16/17 MTREF.

The above-mentioned allocations are confirmed as per the DORA and will be prioritised towards the provision of potable water and basic sanitation facilities.

Similarly as per the publicised DORA the JGDM has been allocated a Municipal Water Infrastructure Grant of R 10.5 Million over the 2014/2015MTREF for the provision of water supply to consumers currently without any form of services (see tabularized analysis per financial year under component effect of budget).

Provision of Free Basic Services(Water and Sanitation) to the poor will be funded through the Equitable Share allocation received; as per the DORA publicised, R 368.753 million has been allocated over the MTREF to cover the provision of free basic services within Elundini LM.

Similarly, the JGDM has entered into a donor funding arrangement with the Government of the Netherlands that will see the rollout of Free Basic Water to 107 Villages located under EC 141 (Elundini LM).

Eskom's electrification program funded through the Integrated National Electrification Grant (INEG) will see R 161.75 million being invested over the MTREF 2014/15- 2016/17 within Elundini service area to address inherent service delivery backlogs.

8.5.3. ADMINISTRATION FEE POLICY

The Administration Fee Policy has been updated to address the needs of Council with regards to administration of contracts on behalf of third parties. In terms of service level agreement with the Joe Gqabi DM, which regulates the billing of water and sanitation by the Elundini Municipality on behalf of the District Municipality, a stipulated administration fee is paid by the District Municipality.

8.5.4. CREDIT CONTROL AND DEBT COLLECTION POLICY

The Policy sets out to control and manage the recovery of outstanding debt due to Council. This policy is in place and is subject to regular updates.

The policy lays down the basis for distribution of accounts, collection procedures, interest and penalties to be charged in the event of non-payment, with strong focus on management reporting requirements pursuant of key legislative requirements and performance management.

Giving effect to the administration of this policy, Council through the appointment of a revenue specialist has invested in a Revenue Management and Debt collection System fully compliant with Municipal Bylaws and objects of the policy framework, the system effects have result in macro approach to debt management and collection being effected, in an effective and efficient manner, maximize the return on investment and per household.

8.5.5. TARIFF POLICY

This policy sets key guidelines on what should be considered when pricing services and guiding principles for the compilation of, solid waste and electricity tariffs.

This policy is subject to constant review, given significant reforms within the electrification sector, which impact on the price cost of services rendered, and ultimately on the sustainability of trading services.

Through the policy framework adopted and implemented, Council has for the 2015/2016-2017/18 MTEF prioritized the continuation of the revenue protection strategy employed since 2012/13 financial year to further reduce existing losses to approximately 14 % as at 30 June 2014

8.5.6. ASSET MANAGEMENT STRATEGIES

The purpose of the strategy is to optimize the use of all assets under the control of Elundini Local Municipality, given the financial exposure and the revenue streams earned by the Municipality in the rendering of services to the community.

The projected capital expenditure over the 2015/2016 – 2017/2018 MTEF exceeds R200 million, Of this amount, R60 million relates to the electrification of rural homesteads. The municipal council has taken a firm decision that the assets created as a result of the rural electrification programme shall be transferred to the ownership of ESKOM, as the municipality's capacity to manage and operate these assets is limited.

8.5.7. ASSET MANAGEMENT POLICY

This policy is deemed necessary in order to facilitate the effective management, control and maintenance of the assets. The policy is in place and is subject to regular review.

The prime objectives of the policy are to ensure that the assets of Elundini are properly managed and accounted for by:

- ✓ Ensuring the accurate recording of asset information
- ✓ The accurate recording of asset movements
- ✓ Exercising strict control over all assets
- ✓ Providing correct and meaningful management information
- ✓ Compliance with Council's Insurance Policy and Payment Procedure
- ✓ Effecting adequate insurance of all assets
- ✓ Maintenance of Council's Assets

The implication of this policy on the administration and planning of assets has been profound, in that the organisation has a comprehensive understanding of all assets under the Management Control of the Municipality, has an acute understanding of the conditions and remaining lifespan etc of the asset base, all of which are aimed at ensuring that sound financial planning occurs, especially around investment choices and reserve creation to safe guard against ageing infrastructure; the Funding and Reserves policy is directly influenced through the outcomes of the annualised conditional assessment on all infrastructural assets.

The municipality's assets are adequately insured and all losses have been recouped through this system. An emerging problem pertains to certain items of the roads construction plant whose lifespan is coming to an end in June 2015, and of which there has been inadequate provision for replacement. This is a matter that warrants attention going forward.

All assets have been adequately verified and accounted for in line with GRAP requirements, and have received no negative audit reports in this regard.

It is envisaged that strict adherence to policy framework will continue to be applied in order to protect the resource of the community, and ensure the continued viability of the Municipality.

8.6. ASSET MOVEMENT SYSTEM

At the time of commissioning a GRAP compliant Asset Register, an asset tracking system using bar-coded discs and scanners was put in place. With the completion of the Asset Register, the asset tracking system is now fully operational.

The system allow for regular audits of all assets to be completed in a shorter time frame and therefore allowing for more regular updates of the register.

Asset verifications are undertaken twice a year for purposes of validating the existence and proper recording of all assets; all assets not accounted for are thoroughly investigated and reported to Council.

8.7. FINANCIAL MANAGEMENT STRATEGIES

The purpose of this strategy is to ensure that the Financial Systems in place at Elundini Local Municipality are of such quality to allow for the generation of accurate and timely reporting at all times.

The Strategy has culminated in the institution being able to effectively make informed decisions around service delivery, identify financial risks and impending financial problems, through having an acute understanding of the financial affairs of the Municipality, through a simplified qualitative analysis being provided based on the in-year reports focusing on budgeted performance (revenue, expenditure, capital); impact of the trading activity on the financial position and cash flows within the Organisation, this is in compliance with international standards on in year reporting.

8.8. SUPPLY CHAIN MANAGEMENT TURNAROUND STRATEGY

The Municipality has in the previous financial years implemented a comprehensive SCM turnaround strategy aimed at significantly enhancing overall compliance with SCM regulations and ational efficiencies aimed at promoting quicker turnaround times and improving overall internal and external client satisfaction. Whilst the strategy has resulted in the extensive resourcing of the SCM unit, there are evident challenges associated inadequate understanding of the legal framework, resulting in poor or no sound advice being provided to the bid committees and the accounting officer. There were also matters reported by the Auditor General in respect of the year ended 30 June 2014 (disclosure of commitments, etc). With the assumption of duty by the appointed Chief Financial Officer on 1 July 2015, it is expected that these short comings will be addressed in due course.

The organizational structure has been redesigned to ensure logical arrangement of critical functions overseen by the Supply Chain Manager, and is segmented into the following core functional areas, namely:

- ✓ Demand and Acquisition Management
- ✓ Bid Administrations and Contracts Management
- ✓ Logistics Management
- ✓ Disposal Management

In terms of the systems of delegations adopted, the Municipality currently uses a fully functional bid committee system that regulates all competitive bids ranging from R 200 000

In terms of the committee system in use, three distinct committees are in existence, each comprising of specialists within various fields that assist in the discharge of roles and responsibilities assigned, the committees system in use comprise the following:

- ✓ Bid Specifications Committee
- ✓ Bid Evaluation Committee
- ✓ Bid Adjudication Committee

The Chairmanship of all bid committees is highly regulated and all appointments are authorized by the Accounting Officer in line with Municipal Regulations issued; all committees are furthermore represented by a senior supply chain practitioner.

It should also be noted that the turn-over rate of the procurement process in the municipality is 60 days although some projects may take more than the stipulated period due to their complexity.

Importantly in terms of the code of conduct applicable to bid committees, all members are required to declare annually, financial interests.

8.9. BUDGET AND FINANCE REFORM

A considerable amount of time and effort has been expended on ensuring that Elundini Local Municipality has the capacity to deliver on the finance and budget reporting requirements as prescribed by National Treasury.

The process is being overseen by a Finance Standing committee and significant progress has been made in some areas. Specific tasks being performed are:

- ✓ Employment of 5 interns and short term contract workers
- ✓ Reconciliation of assets
- ✓ Training
- ✓ Supply Chain Management
- ✓ Liability Management
- ✓ Revenue Management
- ✓ Financial Systems Reporting
- ✓ Automation of Section 71 reporting

8.10. POLICY FOR ACCESSING DONOR FUNDS

Due to the large number of projects that are being requested from the community, a policy has been developed and implemented which creates a framework for accessing funds both locally and internationally.

The policy outlines the type of donors available and the conditions related to the donations. All procedures and special conditions attributable the different donors will be catalogued in the policy to ensure the smoothest approach to these donors when the occasion arises.

This policy implementation lies with the Municipal Manager's Office as an extension of the Subsidies and Grants Policy.

Please refer to section on Subsidies and Grants around the successful application of the policy framework.

8.11. OPERATIONAL FINANCING STRATEGIES

The purpose of this strategy is to assess the viability (IA) of any association or alliance or partnership that may arise from time to time.

Elundini Local Municipality has been assigned various functions and authorities by the MEC for Cooperative Governance and Traditional Affairs or Structures Act.

Council, through National Treasury have with effect from 2013 entered into a PPP on the landfill sites within the areas of Maclear, Ugie and Mt Fletcher on a 10 year outsourced option, aimed at significantly passing financial risk onto the private party (R 30 Million over 10 years); Council has

provided R86.073 Million over the 2015/2016- 2017/2018 MTREF for this purpose financed through enhanced debt collection initiatives and the equitable share allocation.

Similarly, a memorandum of understanding has been concluded between the Elundini LM and Department of Public Works for the construction of divisional roads within Elundini, aimed at maximizing the returns of investment for Elundini around the acquisition and utilization of plant (road construction) acquired, outside of planned performance linked to MIG internal road construction framework, whilst reducing input costs for the Department and hence generate significant project related savings which may be reprioritised to increase service coverage.

8.12. STRATEGIES TO ENHANCE COST-EFFECTIVENESS

The purpose of this strategy is to ensure that Elundini Local Municipality employs the most cost effective operating practices.

Importantly, this strategy is driven on the principles enshrined within the Costing policy, which amongst other things advocates that the sustainability of Elundini LM is not primarily driven on resource generation capacity, rather a combination of effective resource utilisation, premised on cost conscious decision making practices and processes.

The Municipality over the MTREF has adopted a formal cost reduction plan in line with the strategy requirements that will see a material shift away from consumptive based practices in favour of enhancing allocations towards building internal working capital reserves and capital replacement reserves.

8.13. BENCHMARKING AND PERFORMANCE INDICATORS

A set of performance indicators will be developed so as to conform to Local Government benchmark indicators set for financial sustainability and performance; the Long Term Plan presented is modeled to ensure a sustainable approach to align existing performance to that of a desired performance level. Benchmarking these against similar organisations will allow for regular internal assessment and upgrading.

These bench mark indicators will supplement the battery of indicators that have been developed as part of the new budget reporting formats and regulations, aimed at gauging the efficacy of financial performance and management.

8.14. TRAINING AND DEVELOPMENT OF STAFF

Training sessions and courses are continually being planned to ensure that all financial as well as non-financial, senior staff and councillors will be in a better position to evaluate the financial position of the Municipality. The Council also has an approved skills development plan, which is being implemented and is used to guide training of both Councillors and Officials.

The training related budget provided over the 2015/2016 -2017/18 MTREF supporting the workplace skills plan equates to R6. 5 Million

Similarly the organization has enrolled a number of employees and Councillors on the Minimum Municipal Competency training programme for the 2014/2015 financial year; it is anticipated that by the end of June 2015 all officials required to be fully competent would have complied with the regulations issued.

There is a need to synchronize the training programmes and activities of the Office of the Speaker with the budgeting process, as the current situation whereby the administration is not privy to the number of Councillors to undergo training, and the associated logistical costs, lands the municipality to poor budget management.

8.15. COST-EFFECTIVENESS

In line with the cost containment strategy formulated and implemented, line functions are thoroughly assessed from a business process perspective, in terms of the outcomes reports furnished line departments will be engaged in business process reengineering aimed at enhancing overall performance and reducing ELM's cost footprint.

Departments will be required to develop departmental specific reduction strategies for approval and implementation in line with the key strategy developed.

8.16. POST RETIREMENT BENEFITS

Post retirement benefit obligations have been quantified and disclosed with the AFS in compliance with relevant accounting standards, the Funding and Reserves policy adopted has quantified the basis of cash back provisioning required to provide to wholly fund the obligations presented.

8.17. FREE BASIC SERVICES

8.17.1 THE INDIGENCE SUPPORT POLICY

The basic principles of this policy are captured by indicating that the policy is to ensure that poor households are not denied their constitutional right of access to services, the Elundini LM is required to implement an indigent support policy that makes adequate financial provision to ensure the provision of efficient and sustainable services to all residents within the area of jurisdiction.

The Indigent Support Policy is an integral part of the Elundini's Tariff Policy that is developed and implemented in a transparent manner to ensure the sustainability of local public services to all of its citizens at an affordable cost.

The indigent policy is intended to provide poor households ongoing access to a specified level of service.

The subsidies contained in the policy should not compromise the quality or efficiency of service delivery.

Critically as part of Elundini LM commitment to improve continued access to service and provide a basket of free services as part of the poverty alleviation programme, Council has resolved to accelerate the provision of solar system to non-grid electrified homes within the region (7 500 new applications over the MTREF), to this effect the service delivery targets have been amended to reflect this target; indigent support funding envelope is set at R14,335 million over the 2015/2016-2017/18 MTREF.

The municipality has employed an official responsible for the implementation of the Indigent Policy located in the Budget and Treasury Department who also implements the decisions made by the Executive Committee through its delegated authority.

8.18. FINANCIAL PLAN

This plan is prepared in terms of Section 26 (h) of the *Local Government: Municipal Systems Act*, as amended, which stipulates that a financial plan must be prepared as part of the Integrated Development Plan.

The three year financial plan includes an Operating Budget and Capital Budget informed by the IDP priorities. It takes into account the key performance areas of the IDP. All programmes contained in the budget are reflected in the IDP. The review of the Municipality's IDP has a ripple effect on the budget.

In addition to being informed by the IDP, the municipal fiscal environment is influenced by a variety of macro-economic control measures. National Treasury determines the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator (NER) regulates electricity tariff increases. Various government departments also affect municipal service delivery through the level of grants and subsidies.

8.18.1. EXECUTIVE SUMMARY

The 2015/2016 to 2017/18 Budget preparation commenced in September 2014 after Council approved a timetable for the IDP and Budget preparation process.

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (MFMA). The capital budget generally contain new or replacement assets such as roads, vehicles, buildings, etc. The Operating Budget, which is by far the largest component of the Budget, includes the provision of services, such as electricity, refuse collection, road functioning etc.

One of the objectives of the budget timetable is to ensure integration between the development of the Integrated Development Plan (IDP) and the Budget. The IDP is the strategic plan of the Municipality and it is critical that the Budget enables the achievement of the IDP objectives. The Table in section 1.3.5 illustrates the link between the IDP and Budget.

The assumptions and principles applied in the development of this Budget are mainly based upon guidelines received from National Treasury (expenditure growth) and other external bodies such as the National Electricity Regulator of South Africa (NERSA), South African Local Government Bargaining Council, major service providers, etc. The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

The Operating Budget for the 2015/2016 financial year amounts to R 218.58 Million, funded from revenues of equal amount.

The major expenditure items are councillors and employee costs (35%), bulk electricity purchases (9%), general expenses (51%), repairs and maintenance (5%)

Funding is obtained from various sources, the major sources being service charges such as electricity, refuse collection (10,2%), property rates (5,8%), sundry related income e.g. Hire of plant,

agency services, interest on investments (8,4%), internal reserves (13,4%), grants and subsidies received from National and Provincial Governments (62,2%).

In order to fund the 2015/16 Operating Budget, the following general inflationary linked increase in rates and service charges have been proposed, with effect from 1 July 2015:

- Property rates - 4.8 %
- Electricity - 12.2 %
- Refuse - 4,8%
- Sundry Income - 4.8%

A provision of R 7.9 million has been set aside to cover potential bad debts arising from property rates and service charges not collected. This is based upon a level of payment of debtors' accounts averaging 80%.

In the past as a result of limited funds, a number of important issues such as addressing maintenance backlogs, making adequate contributions to provision and reserves; staffing requirements; etc. were not fully covered. However strategies to address these issues were undertaken and it is anticipated that by the end of the 2016/17 MTREF sufficient cash back reserves will be held to fund deferred obligations. In relation to staffing requirements, budget provisions are set aside on an annual basis, in order to fill vacant positions critical to service delivery. The Assistance to the Poor Programme currently, provides the following monthly benefits to poor households in the municipality:

- Free 50 kwh Electricity
- Free basic refuse removal
- Property rates subsidy (to the extent allowed for in the property rates act)

The Elundini Local municipality has prioritized spending on the free services program and as such has prioritized allocations for the MTEF 2015/2016 in the sum of R 4,3 million increasing to R5,0 Million in 2017/2018. The increased allocations are in alignment with the service delivery targets established aimed at accelerating access to alternative energy sources in Eskom subserviced areas, as well as Council's resolve to significantly enhance the level of households participating on the formal indigent support program.

The Capital Budget totals R 53.6 million and this is funded primarily through revenue from operations (32%), Government grants (68%). Grants and subsidies are mainly earmarked civil infrastructural projects. The allocation for electrification programme has been expensed, in view of Council's stated decision not to assume ownership of the assets to be created. ESKOM will take over these assets.

Annexure "A" provides a summary of the capital projects included in the Capital Budget.

The Budget related policies as have been adhered to in the development of the Budget, whilst continuous monitoring of budget performance is possible through Key Performance Indicators as contained within the Service Delivery and Budget Implementation Plan.

TOTAL SERVICE DELIVERY PACKAGE OF THE MUNICIPALITY AND ASSOCIATED FINANCIAL IMPLICATIONS

The Municipality provides the following services:

Choose name from list - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Re f	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Expenditure - Standard	-									
<i>Governance and administration</i>		54 805	81 485	78 786	88 828	88 550	88 550	99 180	104 430	109 989
Executive and council		16 547	23 568	28 051	30 328	32 907	32 907	35 691	37 539	39 490
Budget and treasury office		30 113	39 498	32 920	34 029	33 187	33 187	37 526	39 537	41 695
Corporate services		8 145	18 419	17 815	24 471	22 456	22 456	25 962	27 355	28 805
<i>Community and public safety</i>		9 114	10 284	13 931	13 019	12 659	12 659	13 752	14 409	15 125
Community and social services		3 968	3 574	2 680	2 188	4 171	4 171	4 356	4 563	4 789
Sport and recreation		2 814	4 347	3 852	5 396	4 137	4 137	4 276	4 476	4 695
Public safety		2 043	3 323	4 277	4 909	3 773	3 773	4 516	4 738	4 977
Housing		289	(960)	3 122	526	578	578	604	632	664
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		52 736	46 390	55 943	52 752	53 450	53 450	57 716	59 593	62 642
Planning and development		1 840	6 430	8 473	10 085	9 111	9 111	10 102	10 636	11 195
Road transport		50 896	39 960	47 470	42 667	44 339	44 339	47 614	48 958	51 446
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		28 583	32 017	27 420	39 833	42 607	42 607	96 598	71 474	74 301
Electricity		14 734	21 968	15 225	31 798	31 410	31 410	83 962	58 152	60 269
Water		7 488	-	-	-	-	-	-	-	-
Waste water management		1 448	869	-	-	-	-	-	-	-
Waste management		4 913	9 180	12 195	8 034	11 197	11 197	12 636	13 322	14 033
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	145 238	170 176	176 081	194 432	197 266	197 266	267 246	249 906	262 058

8.19. EFFECT OF THE ANNUAL BUDGET

In this section the operating and capital budget are discussed.

8.19.1. OPERATING BUDGET

The assumptions and principles applied in the development of this Budget are mainly based upon guidelines received from National Treasury (expenditure growth) and other external bodies such as the National Electricity Regulator of South Africa (NERSA), South African Local Government Bargaining Council,, major service providers, etc.

The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

The Operating Budget totals R 267.2, which funds the continued provision of services provided by the Municipality.

The table below reflects the MTREF allocations towards expenditures per type.

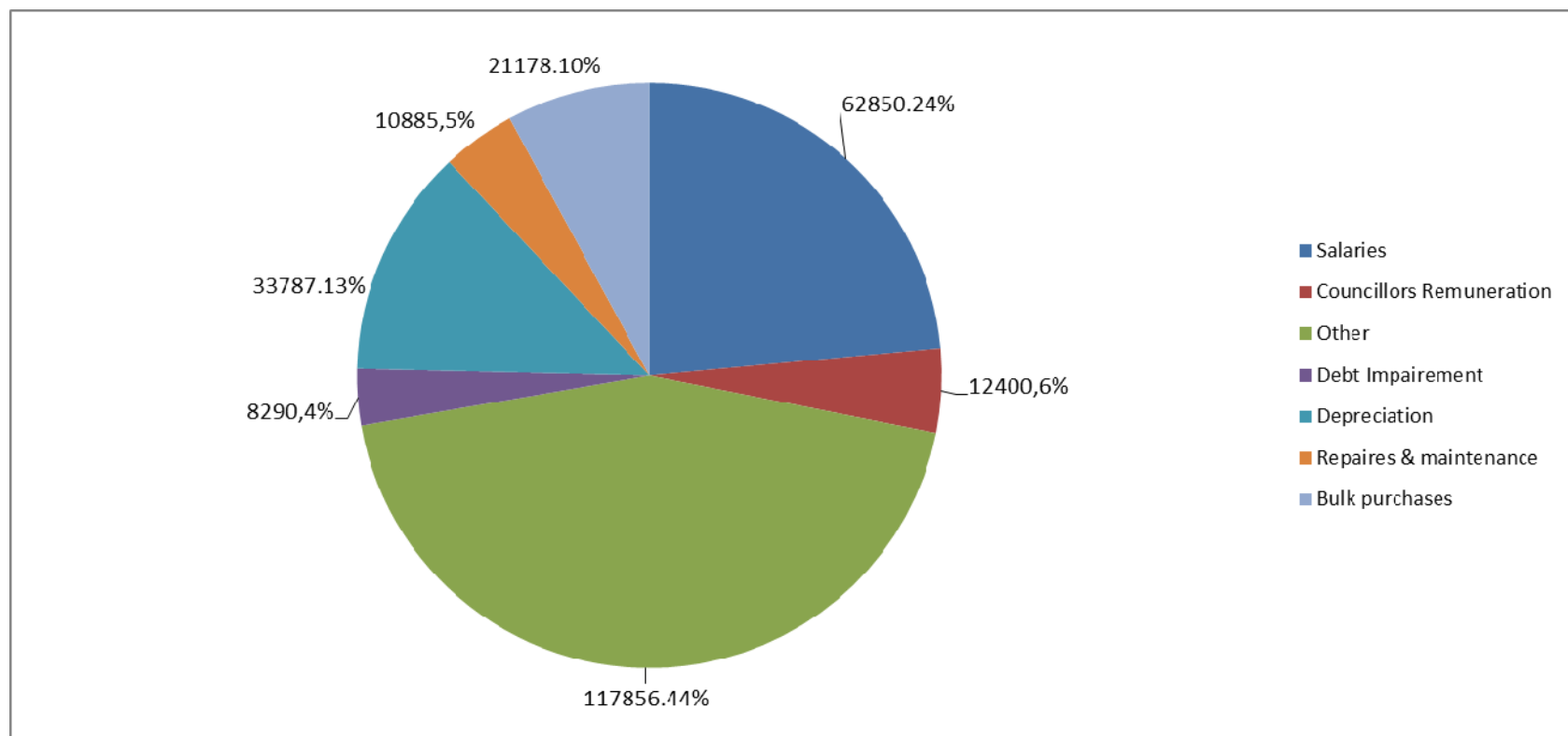
Elundini Local Municipality - Table A4 Consolidated Budgeted Financial Performance (expenditure)

Description	R e f	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
<u>Expenditure By Type</u>	-										
Employee related costs	2	-	-	57 617	59 459	60 201	60 201	-	62 850	65 772	68 995
Remuneration of councillors		7 738	9 231	9 483	11 877	11 877	11 877		12 400	12 976	13 612
Debt impairment	3	10 903	14 101	-	7 910	7 910	7 910		8 289	8 779	9 270
Depreciation & asset impairment	2	-	-	30 873	32 220	32 240	32 240	-	33 787	35 781	37 784
Finance charges		1 341	564	621	869	89	89		93	99	104
Bulk purchases	2	-	-	14 809	18 539	18 539	18 539	-	21 178	22 428	23 684
Other materials	8	4 235	5 849	8 196	10 213	9 740	9 740		10 885	11 527	11 994
Contracted services		-	-	2 261	4 994	4 994	4 994	-	4 345	4 601	4 859
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4	-	-	52 020	48 351	51 676	51 676	-	113 418	87 943	91 755

	5										
Loss on disposal of PPE		233		201							
Total Expenditure		24 450	29 745	176 081	194 432	197 266	197 266	-	267 246	249 906	262 058

The graph below reflects the componentization of the operating budget in the sum of R 267.2 Million as denoted within the budgeted statement of financial performance by expenditure type.

2015/2016 Statement of Financial Performance- Budget Expenditure



Below is a discussion of the main expenditure components:

EMPLOYEE COSTS

National Treasury prescribes a norm of 35% for salary expenditure; Municipalities are required to develop a personnel expenditure ratio that is based on the nature of its functions, organizational structure, labour intensity of intensity of its operations, extent to which labour intensive components of its operations are outsourced and the composition of non-personnel components of its operational expenditure. The 2015/2016 budget reflects that 24 % of the operational budget is allocated to salary expenditure, way below the norm for Local Government.

BULK PURCHASES

Eskom has increased bulk tariffs to Municipalities by 14.24% as relates to the 2014/2015 financial year. The 2015/16 budget accordingly allows for a concomitant increase for bulk power purchases from Eskom. It has been estimated, however, that energy consumption levels will reflect a marginal growth of approximately 2%, attributable to the following:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy;
- The implementation of energy conservation measures; and
- The down turn in the economy and its consequential impact on industry.

REPAIRS AND MAINTENANCE

In terms of the analysis provided the organisation has committed in excess of 5% of the operating budget to finance maintenance related activities over the MTREF; importantly as per the benchmark indicators set for local government the ELM is expected to provide 8% of net asset value of assets towards repairs and maintenance related activities; this naturally would imply a fundamental shift in funding choices as the implications of this is that the existing allocation would have to increase from the current allocation of R 10.8 million to R 24 million per annum; in response to the challenge the organisation has pledged to further enhance the reduction of consumption based spending in favour of ensuring appropriate levels of funding; the financing model is premised to realise this equilibrium by 2016/2017.

OPERATIONAL SOURCES OF FUNDING

The Municipality receives its funding from many sources including property rates, services charges and government grants. The following table identifies the sources of funding for the current financial year 2015/2016 and the projected outer year budgets for 2016/17 to 2017/18.

Importantly the revenue streams have been linked to CPI as defined with the headline inflation forecasts as defined within the National Budget with Electricity being aligned to NERSA proposed IBT tariff increase parameters, :

Below is a graph reflecting the revenue components of the budgeted statement of financial performance

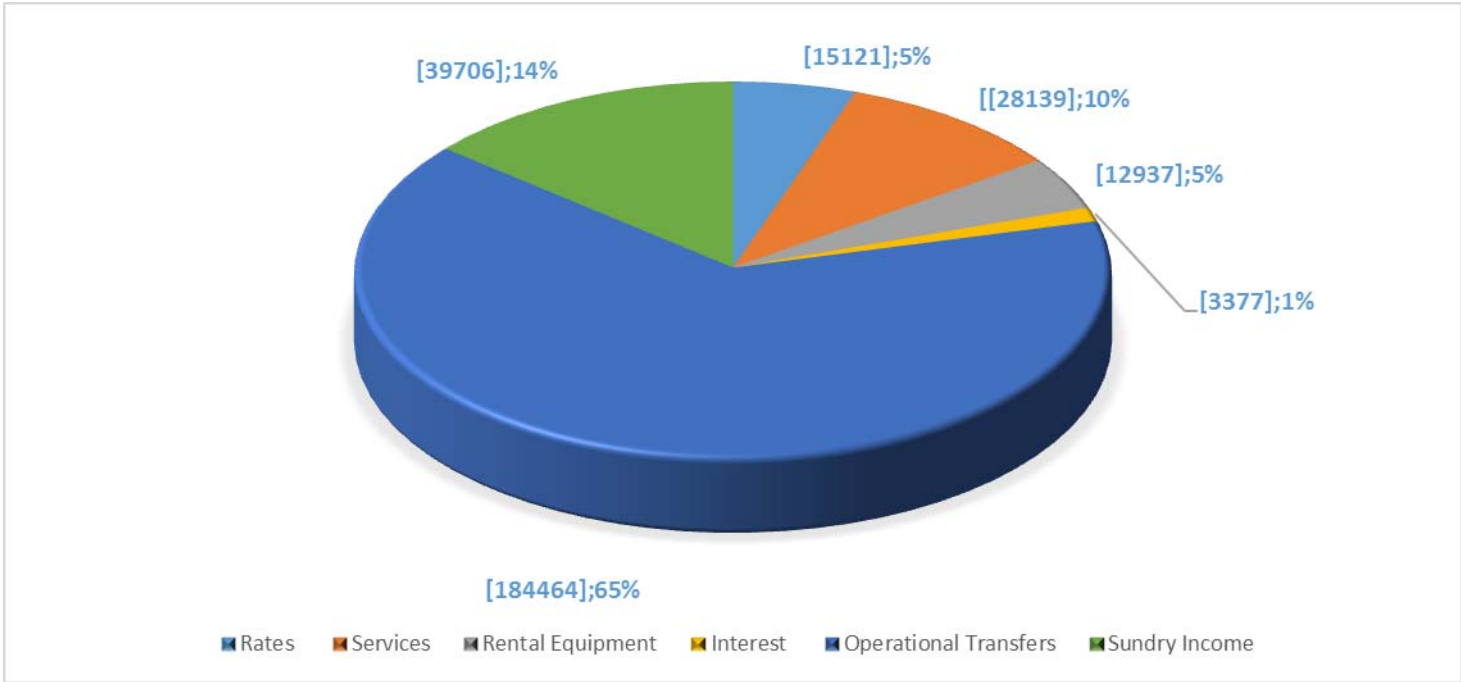
2015/2016 Statement of Financial Performance- Budget Revenue

Elundini LM - Table A4 Consolidated Budgeted Financial Performance (revenue)

Description	R e f	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	–	–	–	14 428	14 428	14 428	–	15 121	16 013	16 909
Property rates - penalties & collection charges				13 354		–			–	–	–
Service charges - electricity revenue	2	–	–	15 090	20 817	21 109	21 109	–	23 685	25 082	26 487
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	–	3 984	4 250	4 250	4 250	–	4 454	4 717	4 981
Service charges – other											
Rental of facilities and equipment			1 023	1 121	13 380	12 370	12 370		12 937	13 700	14 468
Interest earned - external investments		2 077	1 834	1 592	1 957	850	850		1 500	1 589	1 677
Interest earned - outstanding debtors		4 721	2 827	1 787	1 791	1 791	1 791		1 877	1 988	2 099
Dividends received						–	–				
Fines		102	64		57	72	72		76	80	85
Licences and permits		1 703	2 010	2 188	2 259	4 536	4 536		2 386	2 527	2 669
Agency services			1 218	1 449	1 479	1 479	1 479		1 550	1 641	13 358
Transfers recognised – operational		70 224	81 475	96 148	106 731	106 731	106 731		184 464	157 045	154 518
Other revenue	2	–	–	1 572	31 578	33 344	33 344	–	35 694	43 036	43 303
Gains on disposal of PPE		671	334	453	296	325	325				
Total Revenue (excluding capital transfers and contributions)		79 498	90 785	138 738	199 024	201 285	201 285	–	283 744	267 419	280 555

The graph below reflects the componentization of the operating revenue in the sum of R 283.7 Million as denoted within the budgeted statement of financial performance revenue by source.

2015/2016 Statement of Financial Performance- Revenue By Source



Below is a discussion of the main revenue components:

OPERATIONAL TRANSFERS

Growth within the Equitable Share of Nationally raised revenue as gazetted with the Division of Revenue Act has increased 23%, as compared with 2014/2015 fiscal year; with outer year adjustments increasing 1.3%, and 2% respectively; the above mentioned revenue correction is a second attempt by National Government to realign the funding formula to Local Government aimed at enhancing the resource base to Local Municipalities that are rural in nature and hence have limitation within their revenue raising capacity, and to counter the effect of the cost of Governance related costs in relation to revenue raising ability.

RATES REVENUE

Rates revenue constitute 4.8% of discretionary revenue streams available to the organisation, importantly the Municipality has implementing a revised general valuation for the 2014/2015 financial year in line with the provisions of Property Rates Act, Act 6 of 2004.

In line with the provisions of the Property Rates Act, Act 6 of 2004 the Municipality is required to adopt a revised General Valuation for the 2014/2015 financial year; accordingly the Elundini Local Municipality during the course of April 2014 publicised the valuation roll for a period of 40 days (inspection and objections period), where after the Municipality through the establishment of an appeals board will be effectively dealing with all objections received; the new rateable valuation comes into effect on 1 July 2014 and will expire on 30 June 2018.

Importantly in line with the Property Rates Act, Municipal By- Law and Property Rates Policy, property owners are billed rates monthly which are due and payable within 30 days of date of invoice.

SERVICE CHARGES

Electricity service charges have increased 12.20% in line with the bench mark pricing strategy applied and approved by NERSA, the above-mentioned increases are primarily attributed to a claw back approach adopted to ensure break even ability of the trading service, coupled with the introduction of depreciation related charges for the 2015/2016 financial year; importantly as per the IBT's adopted the tariff increases have been limited to 5.89% for the 20 amp users(poor), 8.04% for domestic 60 amp users, 8.56% for single phase business and 8.56% for three phase and large industry.

Solid waste tariffs have increased by 4.8%, the above mentioned increase has been necessitated by the introduction of a PPP agreement that will effectively culminate in the outsourcing of the three landfill sites within Elundini LM, at an annualized cost of R 2.5 million per annum.

The Municipality renders all consumers a consolidated monthly account in line with Municipal Bylaws, which become due and payable within 30 days from date of invoice.

The Municipality likewise maintains a fully functional customer care centre that receives and deals with all service delivery related complaints, including billing related queries; the ELM manages all logged complaints in line with the service standards charter, which inter alia regulates communications protocols and stringent turnaround times.

RENTAL INCOME

The Elundini Local Municipality has undertaken significant investment as part of the revenue diversification strategy employed into revenue generation assets and activities, as such the ELM is anticipating in generating in excess of R 12.9 million per annum over the MTREF in direct revenue inflows premised on road construction related activities.

Likewise direct investments into recapitalisation of all commercially owned properties will be undertaken to enhance overall rental income earned on investment properties.

COMPARATIVE RATES AND TARIFFS

In order to support the Operating Budget, the following increases in rates and service charges have been proposed, compared to the 2014/2015 financial year:

	2014/15	2015/16	2016/17	2017/18
	%	%	%	%
Property rates Increase	6%	4.8	5.9	5.6
Electricity Increase	7.39%	14.24	5.9	5.6
Refuse Increase	6%	4.8	5.9	5.6

8.18.2. CAPITAL BUDGET

The three year capital budget presented below has been prepared to give effect to the service delivery objectives as contained within the Integrated Development Plan.

Importantly, R 171.5 million will be invested over the 2015/2016-2017/18 MTREF in capital expansion programmes, with R34.4 Million of Opex being invested into repairs and maintenance initiatives aimed at maintaining all assets in good operational order to maximize ROI .(See Asset Management commentary elsewhere in this report for detailed analysis around % benchmark indicators)

The ELM has appointed a project manager to undertake scoping exercise and feasibility studies into bulk infrastructure to support economic growth within the region, a core component of this assessment will incorporate funding application based on well-defined business plans and the capacity of the existing PMU to further accelerate service delivery.

Analysis of the allocations made would reveal that the Infrastructure Planning and Development Department has been allocated 76% of all capital financing available over the MTREF, these allocations are prioritized towards the construction of gravel access roads and the electrification of rural homesteads; please see separate commentary under in-kind allocations to Eskom on direct investment within electrification projects within ELM to augment ELM financing envelope.

CAPITAL EXPENDITURE BY VOTE	Original Budget	Adjustments	Adjusted Final Budget	Actual Expenditure	Variance
Executive Council	490000	1160678	1650684	1482175	-168509
Budget & Treasury	100000	770000	870000	1285924	415924
Corporate Services	1100000	-365880	734120	839278	105158
Community Services	1474000	1 642 152	1949000	1347629	-601371
Strategic Planning & Development	4500000	342469	4842469	2652421	-2190048
Technical Services	34006667	305606	34352273	28829363	-5522910
Total Capital Expenditure	40671667	3726879	44398546	36436790	-7961756

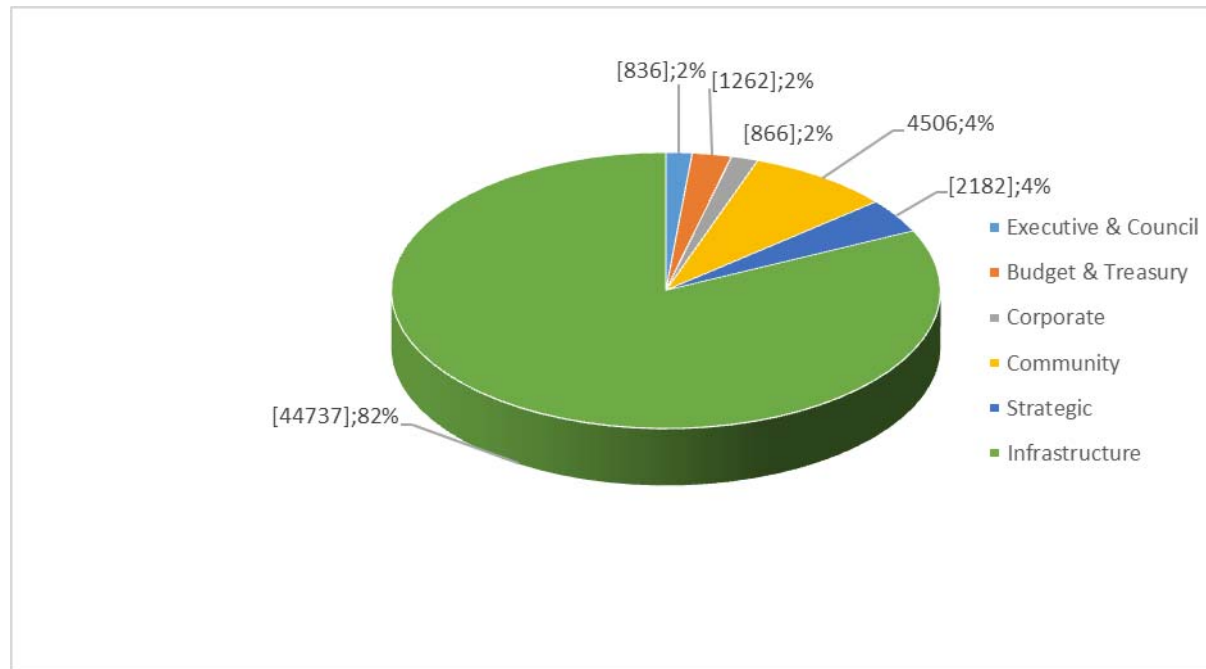
In terms of the revised approach adopted the demand management plan will be adopted together with the Integrated Development Plan and Budget, with monthly and quarterly project reports being furnished to Council as part of the monitoring and evaluation framework adopted.

Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard											
<i>Governance and administration</i>		9 345	3 554	3 607	1 000	2 140	2 140	–	2 967	3 142	3 318
Executive and council		2 261	645	1 482	100	980	980		836	886	935
Budget and treasury office		6 944	2 214	1 286	500	570	570		1 262	1 336	1 411
Corporate services		140	695	839	400	590	590		868	920	971
<i>Community and public safety</i>		–	1 973	1 348	200	220	220	–	2 555	2 706	2 857
Community and social services			1 973	1 348	100	100	100		2 245	2 377	2 510
Sport and recreation					100	120	120		310	328	347
Public safety											
Housing									–	–	–
Health											
<i>Economic and environmental services</i>		–	28 664	31 482	32 313	40 883	40 883	–	43 325	45 104	47 560
Planning and development			1 213	2 652	1 159	3 228	3 228		2 182	2 311	2 441
Road transport			27 451	28 829	31 154	37 655	37 655		41 142	42 793	45 120
Environmental protection							–				
<i>Trading services</i>		28 890	3 230	–	5 021	8 141	8 141	–	5 645	5 978	6 312
Electricity		28 890	3 230		5 021	8 141	8 141		3 595	3 807	4 020
Water											
Waste water management											
Waste management									2 050	2 171	2 293
<i>Other</i>											
Total Capital Expenditure - Standard	3	38 235	37 421	36 437	38 534	51 384	51 384	–	54 491	56 929	60 047

The graph below reflects the 2015/16 Capital Budget by Vote.

CAPITAL EXPENDITURE BY VOTE R'000



8.18.3. CAPITAL SOURCE OF FINANCING

The table denoted below provides Council with an understanding as to the basis under which the Capital expansion programmes of Council are to be financed, importantly the funding is primarily driven through the Division of Revenue Act, as well as funding agreements concluded through the Donor funding policy.

Councils contribution of retained earnings towards Capital expansion programs have been curtailed within the MTREF to allow for reserves to be adequately resourced (cashback) based on the funding compliance assessment undertaken to ensure alignment with industry standards.

From the analysis below it would be evident that the organisation is primarily dependant on external financing mechanisms to fund eradication of backlogs; it is anticipated that within the MTREF the ELM would once again begin large scale allocation of internal resources to fund capital development; the reprioritisation of retained earnings have been curtailed due to the funding assessment compliance and the need to maintain appropriate levels of reserves to fund working capital requirements and deferred obligations.

It is anticipated that towards 2016/2017 due in significant increases in Equitable share being realised that significant resources will be made available from own financing to fund capital development in income generating opportunities.

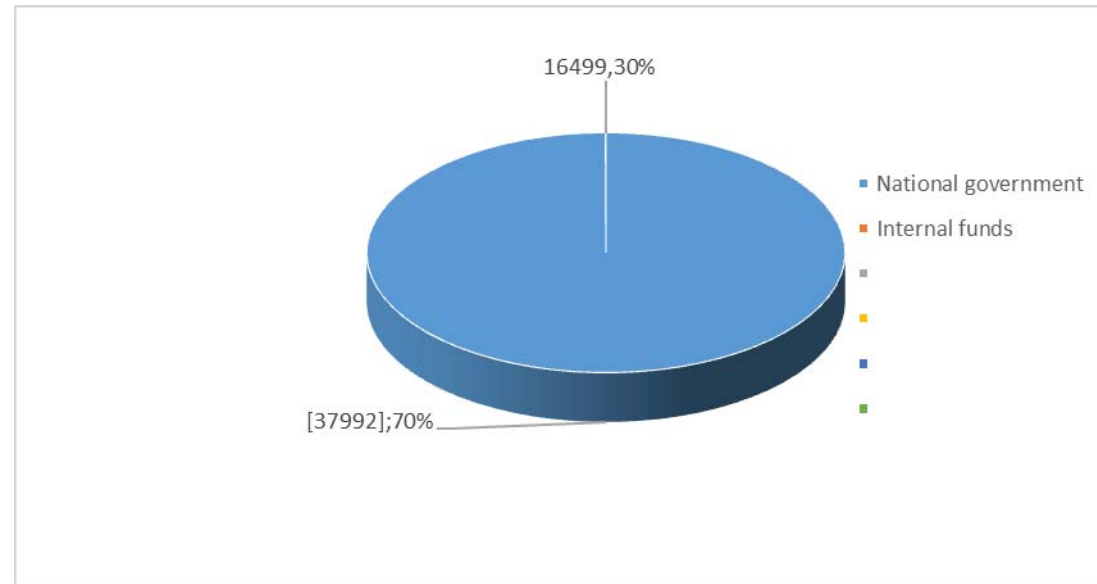
Please see three year capital plan approved for detailed description of capital projects to be undertaken over the MTREF 2015/16-17/18

Elundini LM - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre - aud it out co me	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Funded by:</u>											
National Government		22 687		28 184	32 704	40 587	40 587		37 992	39 416	41 550
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	22 687	–	28 184	32 704	40 587	40 587	–	37 992	39 416	41 550
Public contributions & donations	5	15 548	37 421	8 253			–				
Borrowing	6						–				
Internally generated funds					5 830	10 797	10 797		16 499	17 513	18 497
Total Capital Funding	7	38 235	37 421	36 437	38 534	51 384	51 384	–	54 491	56 929	60 047

The Graph below denotes the capital sources of funding

2014/2015 Capital Sources of Financing



GRANT ALLOCATIONS DIRECT AND INDIRECT

The table presented is aimed at providing a detailed analysis of all direct and indirect allocations provided in terms of the publicized Division of Revenue Act, allocation as provided under direct are allocations specifically transferred to Elundini Local Municipality and are governed by the Division of Revenue Act.

In terms of the audited outcomes for the 2010/2011, 2011/2012 and 2012/2013 financial years the Elundini Local Municipality has complied fully with all conditions imposed by the transferring authority, similarly all grants received have been fully spent and accounted for in terms of the laws governing allocation and use.

LOCAL GOVERNMENT MTEF ALLOCATIONS: 2015/16 - 2017/18

B EC141 Elundini	2015/16 R thousands	2016/17 R thousands	2017/18 R thousands
Direct transfers			
	132	133	131
Equitable share and related	110	807	096
Fuel levy sharing			
	57	59	61
Infrastructure	992	416	550
	37	39	41
Municipal infrastructure grant	992	416	550
Urban settlement development grant			
Public transport network grant			
	20	20	20
Integrated national electrification programme (municipal) grant	000	000	000
Neighbourhood development partnership grant (capital grant)			
Rural roads assets management systems grant			
Municipal water infrastructure grant			
Rural households infrastructure grant			
Municipal disaster recovery grant			
Capacity building and other current transfers	3 798	2 582	2 733
Local government financial management grant	1 600	1 625	1 700
Municipal systems improvements grant	930	957	1 033
Expanded public works programme integrated grant for municipalities	1 268		
Infrastructure skills development grant			

Water services operating subsidy grant			
Energy efficiency and demand side management grant			
Municipal disaster grant			
Integrated city development grant			
Municipal human settlements capacity grant			
Municipal demarcation transition grant			
	193	195	195
Sub total direct transfers	900	805	379
Indirect transfers			
	59	54	59
Infrastructure transfers	430	430	152
Regional bulk infrastructure grant			
	54	54	59
Integrated national electrification programme (Eskom) grant	430	430	152
Neighbourhood development partnership grant (technical assistance)			
Rural households infrastructure grant	5 000		
Municipal water infrastructure grant			
Bucket eradication programme grant			
	59	54	59
Sub total indirect transfers	430	430	152
	253	250	254
Total	330	235	531

Transfers from Provincial Departments

Municipal Allocations from Provincial Departments of which

Library Subsidy (DSRAC)

	656	656	689
	656	656	689
	656	656	689

Total: Transfers from Provincial Departments	656	656	689
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8.19. FUNDING OF THE BUDGET

FISCAL OVERVIEW

8.19.1. 2015/16 ACTUAL AND 2014/15 PROJECTED FINANCIAL PERFORMANCE

The municipality's financial performance and position appears to be as evidenced by the following:

- ✓ Budgets are balanced, being funded from the current financial year's revenues.
- ✓ The municipality operates within its annual budget, as approved by Council.
- ✓ The municipality maintains a positive cash and investments position.
- ✓ Higher than expected/modeled collection rates are being achieved.

8.19.2. OPERATING BUDGET

In the 2014/2015 financial year expenditure in the amount of R 197 million was fully funded from the municipality's revenues. A similar performance is projected for 2015/16 with R 267 million of expenditure being funded by revenue of R 283 million leaving a budgeted surplus of R 54.5 million which is appropriated in the Statement of Changes in Net Assets. For both financial years, the current financial year's revenues were sufficient to cover the operating expenditures.

In February 2015 it was reported to the Budget and Treasury Standing Committee that the average revenue collection rate was 56% of the current financial year's billings. The collection rate of 80% on which the 2015/16 Operating Budget is premised, is in line with the IDP target. It will assist the municipality in maintaining its financial position to support the mid-term plan in this Budget.

The Municipality has developed and implemented a Revenue enhancement strategy, it is anticipated that the gains made to date improving the collection rate from 28% in 2009/2010 to 95% by June 2017, will continue and result in the achievement of a consistent collection rate of 80+% within the MTREF.

8.19.3. CAPITAL BUDGET

The actual capital budget projected spend in 2014/2015 amounted to R51.3 Million, of which R 40.6 million was funded from National and Provincial Government grants, and the remaining R 10.7 million was funded from Council's internal sources.

The projected spending level over the 2015/16-2017/18 MTREF is in line with expectation; a concerted effort must be made over the MTREF to accelerate spending to promote spare capacity to undertake enhanced capital works through reprioritised funding the MIG and INEP. A capital budget allocation of R54.5 million being proposed for 2015/2016, financed through National Government in the sum of R 37.9 Million, and internal reserves of R16.4 Million.

In the two outer years of the MTEF 2016/17 and 2017/2018, the Capital budgets have been modelled primarily around gazette Municipal Infrastructure Grant allocations.

8.19.4. MID TERM OUTLOOK – 2015/16 TO 2017/2018

8.19.4.1. OPERATING BUDGET

The operating budget amounts to R 267.2 million for the 2015/16 financial year. It then increases to R 249.9 Million in 2016/2017, and finally to R 262 Million in 2017/18. This growth is mainly in the following areas:

- ✓ Increased spending attributable to addressing maintenance backlogs in infrastructure;
- ✓ Increased spending on employee related costs;
- ✓ Increased spending attributable to bulk purchasing costs for electricity;
- ✓ Increased spending on Loss Management;
- ✓ Increased spending on Job Creation;
- ✓ Provisioning of Free Basic Services;
- ✓ Increased spending on Solid Waste Functioning;
- ✓ Increased spending special programmes of Council- youth, women development and HIV/AIDS;
- ✓ Entrenchment of Public Consultation;
- ✓ Strengthening of Ward Based Committees;
- ✓ SMME Development and support

8.19.4.2. CAPITAL BUDGET

Over the next three financial years, 2014/2015 to 2016/17, capital spending is projected at R54.5 million in 2015/16, R 56.9 million in 2016/17 and R 60 million in 2017/18

Councils contribution of retained earnings towards Capital expansion programs have been curtailed within the MTREF to allow for reserves to be adequately resourced(cashback) based on the funding compliance assessment undertaken to ensure alignment with industry standards.

Due to limitations imposed on the financing model, the provisions of the Donor Support policy will be invoked to ensure that all available funding streams outside of the DORA and internal reserves are explored and maximized to sustain the commitment to eradicate service delivery related backlogs; the focus on MTREF will be Road and Stormwater networks, considering that the Electricity Distribution networks within Elundini LM's service jurisdiction have been comprehensively upgraded and rehabilitated.

8.19.4.3. FINANCIAL RATIOS

The table below provides Council with the assurance that the financial modelling, under pinning the IDP is aligned to Best Operating Practice insofar as financial sustainability is concerned; the information presented also provides Council with an understanding as to the fundamental modelling provisions used to ensure a credible and implementable IDP; the analysis also aligns the IDP and Budget to National IDP regulation on financial viability.

In terms of the Measurable performance objectives and indicators presented, careful consideration and oversight must be given to the management of liquidity and the cost cover ratio of Council monthly over the MTREF to ensure alignment to industry norms.

On the whole the financial positioning of Council is stable as reflective within the Performance indicators and benchmarks.

Ongoing issues requiring monitoring and evaluation

The municipality is closely monitoring certain issues that could have a significant financial impact on future budgets. If one or more of them require substantial resources beyond what is included in the mid-term budget, the municipality will have to adjust its spending plans to maintain its financial position. Many of the items listed below could have major and permanent impacts on the operating budget, and would therefore require permanent increases in revenue, or commensurate reductions in other services. Consequently, they should be carefully monitored and evaluated:

- ✓ Maintenance backlogs in respect of Council's assets – adequacy of budgetary provisions alignment of benchmark indicator to 8% of net book value of asset base;
- ✓ Staffing requirements and the impact on the personnel expenditure target;
- ✓ Improvement of current collection rates;
- ✓ Electricity Distribution Losses;
- ✓ Unpaid Water and Sanitation Operating Subsidies;
- ✓ Liquidity Ratio within short term
- ✓ Cost Cover Ratio within the short term

EC141 Elundini - Supporting Table SA8 Performance indicators and benchmarks

[illegible]

	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	39.0%	41.5%	37.8%	22.2%	24.8%	24.8%	0.0%	26.2%	26.2%	26.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	51.1%	46.7%	0.0%	26.7%	31.1%	0.0%		29.8%	29.8%	30.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	3.8%	4.6%	0.0%		5.7%	5.7%	5.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	24.6%	22.9%	19.4%	11.9%	14.9%	14.9%	0.0%	14.1%	13.9%	14.0%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	12.3	13.0	13.2	–	–	–	–	58.3	58.3	62.4
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	58.6%	43.5%	23.7%	36.3%	33.7%	33.7%	0.0%	15.8%	15.8%	15.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.4	2.6	3.4	6.6	5.5	5.5	–	1.5	2.1	5.0

References

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

Calculation data

Debtors > 90 days

Monthly fixed operational expenditure	8 994	9 433	9 840	13 240	13 477	13 477	–	15 271	16 389	17 398
Fixed operational expenditure % assumption	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Own capex	–	–	–	16 499	17 143	17 143	–	31 333	33 270	35 232
Borrowing	387	–	(275)	–	–	–	–	–	–	–

8.20. MEDIUM TERM REVENUE AND EXPENDITURE

The Projected Financial Results over the MTREF are depicted within the table below:

EC141 Elundini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source											
Property rates	2	14 126	13 354	13 681	15 121	15 121	15 121	–	16 119	17 118	18 128
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	14 641	15 090	14 756	23 685	22 531	22 531	–	24 586	26 111	27 651
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	3 695	3 984	4 224	4 454	4 454	4 454	–	4 748	5 043	5 340
Service charges - other							–				
Rental of facilities and equipment		1 023	1 121	1 448	12 937	13 239	13 239		14 379	15 271	16 172
Interest earned - external investments		1 834	1 592	2 101	1 500	1 353	1 353		1 443	1 532	1 623
Interest earned - outstanding debtors		2 827	1 787	1 166	1 877	1 326	1 326		1 414	1 501	1 590
Dividends received		–	–	–	–	–	–		–	–	–
Fines		64	589	335	76	80	80		85	90	96
Licences and permits		2 010	2 188	1 973	2 386	1 586	1 586		1 691	1 795	1 901
Agency services		1 218	1 449	1 414	1 550	1 550	1 550		1 652	1 755	1 858
				118	184						
Transfers recognised - operational		81 475	96 148	378	464	156 564	156 564		148 329	161 097	168 008
Other revenue	2	1 603	1 024	3 349	35 354	70 313	70 313	–	110 604	117 051	126 252
Gains on disposal of PPE		334	413	–	340	340	340		–	–	–
Total Revenue (excluding capital transfers and contributions)		124 850	138 738	162 827	283 744	288 458	288 458	–	325 050	348 364	368 619
Expenditure By Type											
Employee related costs	- 2	48 673	57 617	61 505	62 850	71 464	71 464	–	85 202	91 338	97 639
Remuneration of councillors		8 430	9 483	9 814	12 400	10 887	10 887		11 715	12 558	13 425
Debt impairment	3	14 101	7 315	3 234	8 289	9 691	9 691		10 331	10 972	11 619
Depreciation & asset impairment	2	29 863	31 093	30 834	33 787	42 904	42 904	–	45 736	48 572	51 437
Finance charges		798	621	814	93	21	21		22	24	25
Bulk purchases	2	14 722	14 809	15 059	21 178	21 640	21 640	–	23 674	25 142	26 625
Other materials	8	5 241	8 131	5 524	10 885	13 367	13 367		18 575	19 722	20 885
Contracted services		–	2 261	2 109	4 345	3 568	3 568	–	2 541	2 688	2 844

Transfers and grants	4, 5	350	263	6 861	– 113	–	–	–	5 701	6 055	6 412
Other expenditure		46 907	44 286	41 181	417	97 772	97 772	–	91 594	100 015	104 575
Loss on disposal of PPE		223	201	450					–	–	–
Total Expenditure		169 308	176 079	177 384	267 245	271 315	271 315	–	295 092	317 085	335 487
Surplus/(Deficit)	6	(44 458)	(37 341)	(14 557)	16 499	17 143	17 143	–	29 958	31 279	33 133
Transfers recognised - capital		30 363	28 184	40 841	37 992	37 992	37 992		37 250	39 826	41 984
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions	7	(14 095)	(9 156)	26 284	54 491	55 135	55 135	–	67 208	71 105	75 117
Taxation											
Surplus/(Deficit) after taxation		(14 095)	(9 156)	26 284	54 491	55 135	55 135	–	67 208	71 105	75 117
Attributable to minorities											
Surplus/(Deficit) attributable to municipality	7	(14 095)	(9 156)	26 284	54 491	55 135	55 135	–	67 208	71 105	75 117
Share of surplus/ (deficit) of associate											
Surplus/(Deficit) for the year		(14 095)	(9 156)	26 284	54 491	55 135	55 135	–	67 208	71 105	75 117

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item: e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method
8. All materials not part of 'bulk' e.g. road making materials, pipe, cable etc.

				26 283							
check balance		1 000	2 400	742	537	-657	-657		-520	226	-73
Total revenue		155 213	166 923	203 668	321 736	326 450	326 450		362 300	388 190	410 603

From the analysis presented above it would be clear that the surpluses generated are sufficient to cover investment into infrastructure over the MTREF, special caution is made that the Organisation has begun a formal process of limiting operational costs in favour of bolstering retained earnings aimed at enhancing liquidity ratio, cost cover ratios and mitigating the effects of potential cashflow problems.

8.21. PRIORITIES AND LINKAGES TO THE IDP

The Integrated Development Plan (IDP) determines and prioritizes the needs of the community.

The 2015/16 to 2017/18 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- ✓ Municipal transformation and development
- ✓ Service delivery and infrastructure development
- ✓ Local economic development
- ✓ Financial sustainability and viability
- ✓ Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the Budget.

After the tabling of the budget, a series of meetings was held throughout the municipal area to consult with the elected public representatives, Ward Committees, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the draft budget addresses the IDP priorities and objectives. The feedback flowing from these meetings were positive and no material amendments to the budget were undertaken.

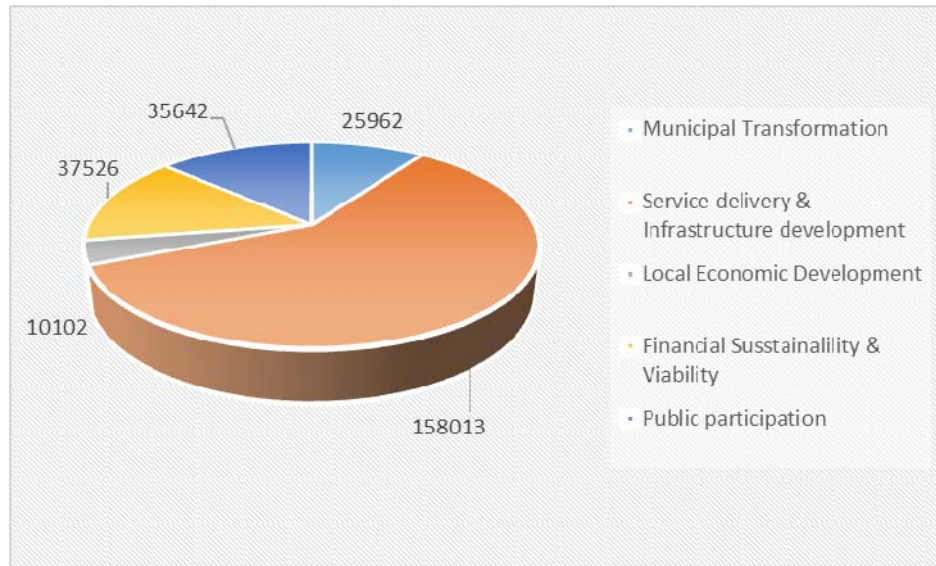
The linking of capital projects to the IDP priorities has been relatively simple, whilst the difficulty in the past has been to link the Operating budget to the IDP. This is now facilitated through the Service Delivery and Budget Implementation Plan (SDBIP).

Below is a table, which illustrates the link between the Budget and the IDP.

BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES

	Municipal Transformation and Development	Service Delivery and Infrastructure Development	Local Economic Development	Financial Sustainability and Viability	Good Governance and Public Participation	Total
	R '000	R '000	R '000	R '000	R '000	R '000
2015/16 Budget						
Capital Expenditure	868	49342	2182	1262	836	54490
Operating Expenditure	25962	158013	10 102	37526	35642	267245
Total	26830	207355	12284	38788	36478	321735
2016/17 Budget						
Capital Expenditure	920	51476	2311	1336	886	56929
Operating Expenditure	27355	134891	10 636	39537	38373	249906
Total	28275	186367	12947	40873	32 272	306835
2017/18 Budget						
Capital Expenditure	971	54289	2441	1411	935	60047
Operating Expenditure	28805	140927	11 195	41695	37487	262109
Total	29776	195216	13636	43106	38422	322156

8.21.1. 2015/2016 EXPENDITURE BY IDP PRIORITY



8.21.2. KEY AMENDMENTS TO IDP

The review of the Integrated Development Plan (IDP) in terms of the Municipal Systems Act has been guided and informed by the following principles:

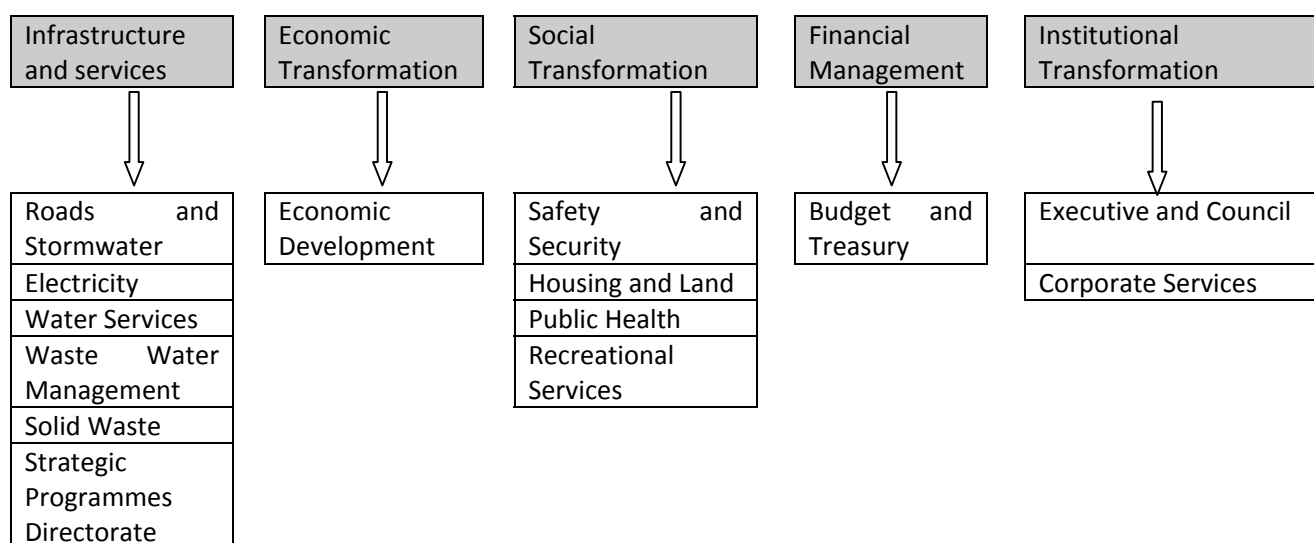
- ✓ It must support the achievement of the five strategic priorities of the Elundini LM.
- ✓ Focus on service delivery and the maintenance of infrastructure.
- ✓ Address community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the SDBIP.

8.21.3. ALIGNMENT WITH NATIONAL AND PROVINCIAL PRIORITIES

The Municipality's priorities are aligned to those of the National and Provincial Governments.

The matrix below shows the alignment with National and Provincial Government priorities:



The above is an indication of Elundini Local Municipality alignment to the National and Provincial Key Performance Areas and how Directorates are aligned thereto. It should, however, be noted that in terms of implementation all Directorates are focusing on the five areas. In order to monitor and evaluate service delivery and financial performance, key performance indicators are included in all Directors' performance agreements.

8.21.4. AMENDMENTS TO BUDGET RELATED POLICIES

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis. The ELM thus reviews and adopts its budget related policies annually.

The Municipality has formally approved 22 budget related policies as denoted below. Importantly in line with the requirements of the Municipal Systems Act Municipal by-laws have been promulgated to give effect to policy considerations.

The following budget related policies are in existence and inform the presentation of the financial plan:

- ✓ Rates Policy
- ✓ Tariff Policy
- ✓ Credit control and Debt Management Policy
- ✓ Indigent Support Policy
- ✓ Supply Chain Management Policy
- ✓ Cash and Investment Policy
- ✓ Fleet Management Policy
- ✓ Borrowing Policy
- ✓ Funding and Reserves Policy
- ✓ Policy related to long term financial plan
- ✓ Policy relating to infrastructural investment and capital projects
- ✓ Budget Implementation Plan
- ✓ Policies related to Management of losses
- ✓ Policy on Pauper Burials

- ✓ Policy on Lease of Property
- ✓ Policy on Unauthorised/irregular and wasteful expenditure
- ✓ Policy on Contingent Liabilities
- ✓ Policy on Related Party Disclosures
- ✓ Policy on VAT
- ✓ Policy on GRAP Disclosures
- ✓ Policy on journal Entries
- ✓ Policy on Capital Commitments

All budget related policies have been reviewed and amended where necessary to address service delivery imperatives.

8.21.5. BUDGET ASSUMPTIONS

The following key assumptions underpinned the preparation of the multi-year budget:

	2014/15	2015/2016	2016/2017
Income	%	%	%
Refuse Tariff Increase	4.8	5.9	5.6
Property Rates Increase	4.8	5.9	5.6
Electricity Tariff Increase	12.20	5.9	5.6
Revenue collection rates	80	85	90
Expenditure			
Total Expenditure Increase allowed (excluding repairs and maintenance)	4.8	5.9	5.6
Salary increase	4.4	4.65	4.49
Increase in repairs and maintenance	4.8	5.9	5.6
Increase in bulk purchase of power costs	4.8	5.9	5.6

The above-mentioned tariff increases have been curtailed to the maximum extent possible whilst maintaining a level of affordability to the consumer base, whilst providing a sound financial base from which service delivery can be effected, as per the benchmark indicator applied 12% of net disposable income is used as a means test for affordability; based on the current analysis it would be evident that whilst the poor are significantly protected, affordability of tariffs particularly for the lower to middle income bracket earning between R 3500 R 10 000 per month would be placed under severe strain to service municipal obligations imposed through the rates policy.

Council through the indigent support policy provides a comprehensive basket of free services to the poor; likewise in terms of the Rates policy a rebate is provided to pensioners based on an inclining block tariff; similarly the tariff policy provides a lifeline to communities through the use of inclining block tariff which places rewards reduced consumption through a tariff that is below cost and penalizes higher consumption through a cross subsidy framework.

8.22. ANNUAL BUDGET TABLES

The annual budget tables are included in this section.

8.22.1. BUDGET SUMMARY

The aim of the Budget Summary is to 'provide a concise overview of the proposed budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position and cash flow, and MFMA funding compliance). The table provides a 'snapshot view' of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance and looks at the effects of the financial decisions on the organisation's financial position over the MTREF.

Taking the aforementioned budget strategy, assumptions and principles into consideration the 2016/17 to 2017/18 Budget was arrived at as follows:

Elundini LM - Table A1 Consolidated Budget Summary

[illegible]

Surplus/(Deficit) for the year	90 121	91 403	(9 159)	39 253	51 385	51 385	–	54 491	56 929	60 047
<u>Capital expenditure & funds sources</u>										
Capital expenditure	38 235	37 421	36 437	38 534	51 384	51 384	–	54 491	56 929	60 047
Transfers recognised – capital	22 687	–	28 184	32 704	40 587	40 587	–	37 992	39 416	41 550
Public contributions & donations	15 548	37 421	8 253	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	5 830	10 797	10 797	–	16 499	17 513	18 497
Total sources of capital funds	38 235	37 421	36 437	38 534	51 384	51 384	–	54 491	56 929	60 047
<u>Financial position</u>										
Total current assets	56 554	13 112	46 280	37 219	70 663	70 663	–	115 261	153 286	183 159
Total non current assets	–	28 385	346 608	364 288	364 288	364 288	–	353 658	374 524	395 498
Total current liabilities	8 622	6 764	47 344	24 682	24 682	24 682	–	66 527	70 452	74 397
Total non current liabilities	–	–	9 302	10 157	10 157	10 157	–	5 517	5 842	6 170
Community wealth/Equity	368 928	354 044	336 242	366 668	400 112	400 112	–	396 876	451 516	498 089
<u>Cash flows</u>										
Net cash from (used) operating	51 836	18 779	38 031	(6 956)	(9 948)	(9 948)	–	99 532	95 830	89 802
Net cash from (used) investing	(38 235)	(37 073)	(35 622)	(38 534)	(51 384)	(51 384)	–	(57 992)	(59 416)	(61 550)
Net cash from (used) financing	(128)	(416)	(137)	(69)	(69)	(69)	–	–	–	–
Cash/cash equivalents at the year end	13 473	(18 710)	24 233	(9 333)	42 777	42 777	–	87 952	124 367	152 619
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	41 077	539	24 233	9 333	42 778	42 778	–	87 952	124 366	152 619
Application of cash and investments	(148 798)	(90 059)	24 593	(21 185)	(19 783)	(19 783)	–	46 254	49 438	52 932
Balance - surplus (shortfall)	189 875	90 598	(361)	30 518	62 561	62 561	–	41 698	74 928	99 687

<u>Asset management</u>										
Asset register summary (WDV)	131 468	217 899	304 544	65 991	27 457	27 457	378 240	378 240	466 738	583 114
Depreciation & asset impairment	-	-	30 873	32 220	32 240	32 240	33 787	33 787	35 781	37 784
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	10 212	9 740	9 740	10 885	10 885	11 527	11 994
<u>Free services</u>										
Cost of Free Basic Services provided	5 930	-	6 156	3 524	3 524	3 524	3 693	3 693	3 911	4 130
Revenue cost of free services provided	9 232	-	8 864	5 727	5 727	5 727	6 002	6 002	6 356	6 712
<u>Households below minimum service level</u>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	30	-	30	29	29	29	30	30	32	34
Refuse:	22	-	26	26	26	26	27	27	29	30

8.22.2 CONSOLIDATED FINANCIAL PERFORMANCE 2016/17 TO 2018/19

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities.

EC141 Elundini - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
<u>Revenue - Standard</u>										
<i>Municipal governance and administration</i>		133 484	107 059	–	161 453	193 780	193 780	227 757	242 122	257 328
Executive and council		–	8	–	–	–	–	–	–	–
Mayor and Council								–	–	–
Municipal Manager			8					–	–	–
Budget and treasury office		133 481	107 039	–	161 453	193 780	193 780	227 757	242 122	257 328
Corporate services		3	12	–	–	–	–	–	–	–
Human Resources								–	–	–
Information Technology								–	–	–
Property Services								–	–	–
Other Admin		3	12					–	–	–
<i>Community and public safety</i>		2 078	3 515	–	3 206	2 462	2 462	2 548	2 666	2 784
Community and social services		–	755	–	760	816	816	794	803	811
Libraries and Archives			577	–	672	676	676	677	679	680
Museums & Art Galleries etc						–	–	–	–	–
Community halls and Facilities						–	–	–	–	–
Cemeteries & Crematoriums			21	–	30	30	30	–	–	–
Child Care						–	–	–	–	–
Aged Care						–	–	–	–	–
Other Community			157	–	58	110	110	117	124	131
Other Social						–	–	–	–	–
Sport and recreation		5	0	–	–		–	–	–	–
Public safety		2 073	2 760	–	2 446	1 646	1 646	1 754	1 863	1 973
Police		2 073	2 760	–	2 446	1 646	1 646	1 754	1 863	1 973
Fire							–	–	–	–
Civil Defence							–	–	–	–

Street Lighting					-		-	-
Other					-		-	-
Housing					-		-	-
Health	-	-	-	-	-	-	-	-
Clinics							-	-
Ambulance							-	-
Other							-	-
<i>Economic and environmental services</i>	1 314	34 660	-	80 505	83 223	83 223	88 161	92 249
Planning and development	-	4 121	-	-	109	109	2 316	123
Economic Development/Planning		3 430				-	2 200	-
Town Planning/Building enforcement		691			109	109	116	123
Licensing & Regulation					-		-	-
Road transport	1 314	30 539	-	80 505	83 114	83 114	85 845	92 126
Roads								
Public Buses	1 314	30 539	-	80 505	83 114	83 114	85 845	92 126
Parking Garages							-	-
Vehicle Licensing and Testing							-	-
Other							-	-
Environmental protection	-	-	-	-	-	-	-	-
Pollution Control								
Biodiversity & Landscape								
Other								
<i>Trading services</i>	18 336	21 688	-	76 573	46 985	46 985	43 835	51 153
Electricity	14 641	17 699	-	72 119	42 531	42 531	39 086	46 111
Electricity Distribution								
Electricity Generation	14 641	17 699	-	72 119	42 531	42 531	39 086	46 111
Water	-	-	-	-	-	-	-	-
Water Distribution								
Water Storage								
Waste water management	-	-	-	-	-	-	-	-
Sewerage								
Storm Water Management								

Public Toilets									
Waste management	3 695	3 989	–	4 454	4 454	4 454	4 748	5 043	5 340
Solid Waste	3 695	3 989	–	4 454	4 454	4 454	4 748	5 043	5 340
Other	–	–	–	–	–	–	–	–	–
Air Transport									
Abattoirs									
Tourism									
Forestry									
Markets									
Total Revenue - Standard	2	155 212	166 923	–	321 736	326 450	326 450	362 301	410 604
Expenditure - Standard	-								
Municipal governance and administration	-	81 226	74 809	–	99 180	111 020	111 020	123 161	131 023
Executive and council	-	22 862	28 051	–	35 691	37 196	37 196	40 654	43 401
Mayor and Council	-	22 862	12 164	–	14 394	13 113	13 113	14 375	15 383
Municipal Manager	-		15 887	–	21 297	24 083	24 083	26 279	28 018
Budget and treasury office	-	41 687	28 943	–	37 526	47 185	47 185	50 265	53 382
Corporate services	-	16 677	17 815	–	25 962	26 639	26 639	32 242	34 241
Human Resources	-		7 138	–	11 948	11 661	11 661	12 479	13 253
Information Technology	-		1 867	–	3 988	4 466	4 466	7 813	8 297
Property Services	-					–	–	–	–
Other Admin	-	16 677	8 810	–	10 027	10 512	10 512	11 950	12 691
Community and public safety	-	11 489	13 931	–	13 752	17 317	17 317	20 764	22 104
Community and social services	-	4 779	4 079	–	4 356	3 137	3 137	3 397	3 608
Libraries and Archives	-				630	745	745	802	851
Museums & Art Galleries etc	-					–	–	–	–
Community halls and Facilities	-					–	–	–	–
Cemeteries & Crematoriums	-				58	–	–	–	–
Child Care	-					–	–	–	–
Aged Care	-					–	–	–	–

Other Community	-	4 779	4 079	-	3 669	2 392	2 392	2 596	2 757	2 919
Other Social	-					-	-	-	-	-
Sport and recreation	-	4 347	3 852	-	4 276	6 146	6 146	9 302	9 931	10 574
Public safety	-	3 323	4 268	-	4 516	7 245	7 245	7 366	7 823	8 285
Police	-	3 323	4 268	-	4 516	7 245	7 245	7 366	7 823	8 285
Fire	-					-		-	-	-
Civil Defence	-					-		-	-	-
Street Lighting	-					-		-	-	-
Other	-					-		-	-	-
Housing	-	(960)	1 732	-	604	789	789	699	742	786
Health	-	-	-	-	-	-	-	-	-	-
Clinics	-									
Ambulance	-									
Other	-									
Economic and environmental services	-	45 775	50 228	-	57 716	68 832	68 832	77 512	85 736	85 675
Planning and development	-	6 253	8 389	-	10 102	11 792	11 792	14 822	15 741	16 670
Economic Development/Planning	-	6 253	6 467	-	7 513	8 325	8 325	9 511	10 101	10 697
Town Planning/Building enforcement	-		1 922	-	2 588	3 467	3 467	5 311	5 640	5 973
Licensing & Regulation	-					-	-	-	-	-
Road transport	-	39 522	41 839	-	47 614	57 040	57 040	62 690	69 995	69 005
Roads	-	39 522	41 839	-	47 614	57 040	57 040	62 690	69 995	69 005
Public Buses	-									
Parking Garages	-									
Vehicle Licensing and Testing	-									
Other	-									
Environmental protection	-	-	-	-	-	-	-	-	-	-
Pollution Control	-									
Biodiversity & Landscape	-									
Other	-									
Trading services	-	30 818	37 113	-	96 598	74 145	74 145	73 655	78 222	87 349

Electricity	-	20 000	24 918	-	83 962	57 535	57 535	54 907	58 312	66 264
<i>Electricity Distribution</i>	-	20 000	24 918	-	83 962	57 535	57 535	54 907	58 312	66 264
<i>Electricity Generation</i>	-									
Water	-	869	-	-	-	-	-	-	-	-
<i>Water Distribution</i>	-	869								
<i>Water Storage</i>	-									
Waste water management	-	869	-	-	-	-	-	-	-	-
<i>Sewerage</i>	-	869								
<i>Storm Water Management</i>	-									
<i>Public Toilets</i>	-									
Waste management	-	9 080	12 195	-	12 636	16 610	16 610	18 748	19 910	21 085
<i>Solid Waste</i>	-	9 080	12 195	-	12 636	16 610	16 610	18 748	19 910	21 085
Other	-	-	-	-	-	-	-	-	-	-
Air Transport										
Abattoirs										
Tourism										
Forestry										
Markets										
Total Expenditure - Standard	3	169 308	176 081	-	267 246	271 314	271 314	295 092	317 085	335 487
Surplus/(Deficit) for the year		(14 096)	(9 159)	-	54 491	55 135	55 135	67 208	71 105	75 117

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist national and international accounts and comparison
2. Total Revenue by Standard Classification must reconcile to total operating revenue shown in Financial Performance (revenue and expenditure)
3. Total Expenditure by Standard Classification must reconcile to total operating expenditure shown in Financial Performance (revenue and expenditure)
4. All amounts must be classified under a Standard (modified GFS) classification. The GFS function 'Other' is only for Abattoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

check oprev balance	-1 000	-429	#####	-0	-15	-15	760	363	521
check opexp balance	-	1 787	#####	537	-672	-672	240	363	86

The purpose of the format in which the budget is presented below, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned.

Below is a classification of operating revenue and expenditure by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

EC141 Elundini - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Revenue by Vote</u>	1									
Vote 1 - Executive & Council		-	8	-	-	-	-	-	-	-
1,1 - Mayor & Council		-	-	-						
1,2 - Municipal Manager		-	8	-						
Vote 2 - Budget & Treasury		133 481	107 039	-	161 453	193 780	193 780	227 757	242 122	257 328
2,1 - Finance		133 481	107 039	-	161 453	193 780	193 780	227 757	242 122	257 328
Vote 3 - Corporate services		3	12	-	-	-	-	-	-	-
3,1 - Corporate Admin		3	12	-	-			-	-	-
3,2 - ICT		-	-	-	-			-	-	-
3,3 - Human resources		-	-	-	-			-	-	-
Vote 4 - Community Services		5 773	7 504	-	7 660	6 916	6 916	7 297	7 708	8 124
4,1 - Community Admin		-	157	-	58	-	-	-	-	-
4,2 - Pound						110	110	117	124	131
4,3 - Libraries		-	577	-	672	676	676	677	679	680
4,4 - Solid waste		3 695	3 989	-	4 454	4 454	4 454	4 748	5 043	5 340
4,5 - Traffic		2 073	2 760	-	2 446	1 646	1 646	1 754	1 863	1 973
4,6 - Cementries		-	21	-	30	30	30	-	-	-
4,7 - Housing		-	-	-	-	-	-	-	-	-
4,8 - Parks				-	-	-	-	-	-	-

Vote 11 - [NAME OF VOTE 11] 11.1 - [Name of sub-vote] Vote 12 - [NAME OF VOTE 12] 12.1 - [Name of sub-vote] Vote 13 - [NAME OF VOTE 13] 13.1 - [Name of sub-vote] Vote 14 - [NAME OF VOTE 14] 14.1 - [Name of sub-vote] Vote 15 - [NAME OF VOTE 15] 15.1 - [Name of sub-vote] Total Revenue by Vote	2									
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-

Vote 9 - [NAME OF VOTE 9] 9.1 - [Name of sub-vote]										
		-	-	-	-	-	-	-	-	
Vote 10 - [NAME OF VOTE 10] 10.1 - [Name of sub-vote]										
		-	-	-	-	-	-	-	-	
Vote 11 - [NAME OF VOTE 11] 11.1 - [Name of sub-vote]										
		-	-	-	-	-	-	-	-	
Vote 12 - [NAME OF VOTE 12] 12.1 - [Name of sub-vote]										
		-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13] 13.1 - [Name of sub-vote]										
		-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14] 14.1 - [Name of sub-vote]										
		-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15] 15.1 - [Name of sub-vote]										
		-	-	-	-	-	-	-	-	
Total Expenditure by Vote	2	169 308	176 081	-	267 246	271 314	271 314	295 092	317 085	335 487
Surplus/(Deficit) for the year	2	(14 096)	(9 159)	-	54 491	55 135	55 135	67 208	71 105	75 117

References

1. Insert 'Vote'; e.g. Department, if different to standard structure
2. Must reconcile to Financial Performance ('Revenue and Expenditure by Standard Classification' and 'Revenue and Expenditure')
3. Assign share in 'associate' to relevant Vote

check revenue	-1 000	-613	-203 667 560	-0	-15	-15	760	363	521
check expenditure	-	1 787	-177 383 818	537	-672	-672	240	589	448

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, so as to assess performance.

The following table reflect the budgeted financial performance by expenditure and income categories:

EC141 Elundini - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
<u>Revenue By Source</u>											
Property rates	2	14 126	13 354	13 681	15 121	15 121	15 121	–	16 119	17 118	18 128
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	14 641	15 090	14 756	23 685	22 531	22 531	–	24 586	26 111	27 651
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	3 695	3 984	4 224	4 454	4 454	4 454	–	4 748	5 043	5 340
Service charges - other							–				
Rental of facilities and equipment		1 023	1 121	1 448	12 937	13 239	13 239		14 379	15 271	16 172
Interest earned - external investments		1 834	1 592	2 101	1 500	1 353	1 353		1 443	1 532	1 623
Interest earned - outstanding debtors		2 827	1 787	1 166	1 877	1 326	1 326		1 414	1 501	1 590
Dividends received		–	–	–	–	–	–		–	–	–
Fines		64	589	335	76	80	80		85	90	96
Licences and permits		2 010	2 188	1 973	2 386	1 586	1 586		1 691	1 795	1 901
Agency services		1 218	1 449	1 414	1 550	1 550	1 550		1 652	1 755	1 858
Transfers recognised - operational		81 475	96 148	118 378	184 464	156 564	156 564		148 329	161 097	168 008
Other revenue	2	1 603	1 024	3 349	35 354	70 313	70 313	–	110 604	117 051	126 252

[illegible]

Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(14 095)	(9 156)	26 284	54 491	55 135	55 135	–	67 208	71 105	75 117
Taxation											
Surplus/(Deficit) after taxation		(14 095)	(9 156)	26 284	54 491	55 135	55 135	–	67 208	71 105	75 117
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(14 095)	(9 156)	26 284	54 491	55 135	55 135	–	67 208	71 105	75 117
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(14 095)	(9 156)	26 284	54 491	55 135	55 135	–	67 208	71 105	75 117

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method
8. All materials not part of 'bulk' e.g. road making materials, pipe, cable etc.

check balance	1 000	2 400	26 283 742	537	-657	-657	-520	226	-73
Total revenue	155 213	166 923	203 668	321 736	326 450	326 450	362 300	388 190	410 603

8.22.3. CAPITAL BUDGET SUMMARY

Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Table A5 seeks to meet three requirements, namely it shows:

- capital expenditure by municipal vote;
- capital expenditure by standard classification; and
- the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial governments that fund the capital budget.

EC141 Elundini - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

[illegible]

Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		37 421	36 437	-	54 491	55 135	55 135	-	67 208	71 104	75 117
Total Capital Expenditure - Vote		37 421	36 437	-	54 491	55 135	55 135	-	67 208	71 104	75 117
Capital Expenditure - Standard											
<i>Governance and administration</i>		3 554	2 420	2 096	2 967	4 027	4 027	-	4 651	4 939	5 231
Executive and council		645	831	961	836	387	387		145	154	163
Budget and treasury office		2 214	684	559	1 262	2 572	2 572		2 742	2 912	3 084
Corporate services		695	905	575	868	1 068	1 068		1 764	1 873	1 984
<i>Community and public safety</i>		1 973	974	23	2 555	1 247	1 247	-	1 864	1 975	2 090
Community and social services		1 973	170	23	2 245	104	104		112	119	126
Sport and recreation			142	-	310	1 103	1 103		1 310	1 386	1 466
Public safety			592	-		40	40		443	470	498
Housing			70	-	-	-	-		-	-	-
Health											
<i>Economic and environmental services</i>		28 664	29 141	42 612	43 325	43 825	43 825	-	50 875	53 764	56 755
Planning and development		1 213	3 583	2 540	2 182	1 582	1 582		2 394	2 543	2 693
Road transport		27 451	25 558	40 072	41 142	42 243	42 243		48 481	51 221	54 062
Environmental protection											
<i>Trading services</i>		3 230	3 902	-	5 645	6 035	6 035	-	9 818	10 427	11 042
Electricity		3 230	3 271	-	3 595	4 985	4 985		8 748	9 291	9 839
Water						-	-				
Waste water management						-	-				
Waste management			631	-	2 050	1 050	1 050		1 070	1 136	1 203
<i>Other</i>											
Total Capital Expenditure - Standard	3	37 421	36 437	44 731	54 491	55 135	55 135	-	67 208	71 104	75 117
Funded by:											
National Government		-		-	37 992	37 992	37 992		35 875	37 835	39 885
Provincial Government							-				
District Municipality							-				
Other transfers and grants							-				
Transfers recognised - capital	4	-	-	-	37 992	37 992	37 992	-	35 875	37 835	39 885
Public contributions & donations	5	37 421	36 437	-			-				
Borrowing	6						-				
Internally generated funds		-			16 499	17 143	17 143		31 333	33 270	35 232
Total Capital Funding	7	37 421	36 437	-	54 491	55 135	55 135	-	67 208	71 105	75 117

8.23.1. TABLE A6 BUDGETED FINANCIAL POSITION

The table below presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity i.e. Assets readily converted to cash or liabilities immediately required to be met from cash appears first.

The financial viability of the Organisation is deemed sound as evidenced by the Statement of Financial Performance, although the cost cover within the short term remains a relative challenge, it would be evident that the planned performance has been structured to ensure a progressive alignment of liquidity to international norms; please see further commentary on ratio's under section Financial Ratio's and benchmarking.

EC141 Elundini - Table A6 Budgeted Financial Position

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSETS											
Current assets											
Cash		291	24 233	753	41 540	4 959	4 959	753	1 569	1 666	1 764
Call investment deposits	1	21 670	–	33 052	46 412	68 871 (3	68 871 (3	–	69 865	74 196	78 574
Consumer debtors	1	14 909	4 211	4 135	13 888	044)	044)	–	3 556	3 776	3 999
Other debtors		4 728	10 390	3 952	6 486	21 692	21 692		5 884	6 249	6 617
Current portion of long-term receivables						–	–		–	–	–
Inventory	2	7 845	7 287	551	6 934	494	494		494	525	556
Total current assets		49 443	46 120	42 443	115 261	92 972	92 972	753	81 368	86 412	91 511
Non current assets											
Long-term receivables						–	–			–	–
Investments						–	–			–	–
Investment property		–	28 094	35 046	38 432	35 606	35 606		35 046	37 219	39 415
Investment in Associate						–	–			–	–
Property, plant and equipment	3	324 153	308 012	324 063	287 933	307 427	307 427	–	319 172	338 961	358 959
Agricultural						–	–			–	–
Biological						–	–			–	–
Intangible			127	287	347	0	0		287	305	323
Other non-current assets					26 946	(0)	(0)			–	–
Total non current assets		324 153	336 233	359 397	353 658	343 033	343 033	–	354 506	376 485	398 698

TOTAL ASSETS		373 596	382 352	401 840	468 919	436 005	436 005	753	435 873	462 898	490 209
LIABILITIES											
Current liabilities	-										
Bank overdraft	1									-	-
Borrowing	4	248	275	69	-	-	-	-	69	73	77
Consumer deposits		234	344	362	4 130	549	549		367	390	413
Trade and other payables	4	31 604	39 773	30 100	21 810	23 825	23 825	-	31 542	33 497	35 474
Provisions		6 530	8 048	8 216	7 200	13 387	13 387		13 087	13 899	14 719
Total current liabilities		38 616	48 440	38 746	33 140	37 761	37 761	-	45 065	47 859	50 683
Non current liabilities											
Borrowing		343	69	-	69	68 594	68 594	-	-	-	-
Provisions		8 978	9 233	12 994	5 517	-	-	-	-	-	-
Total non current liabilities		9 321	9 302	12 994	5 586	68 594	68 594	-	-	-	-
TOTAL LIABILITIES		47 937	57 742	51 740	38 726	106 355	106 355	-	45 065	47 859	50 683
NET ASSETS	5	325 659	324 611	350 100	430 193	329 649	329 649	753	390 808	415 038	439 526
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		354 044	335 169	350 100	396 876	329 089	329 089	350 100	390 808	415 038	439 526
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	354 044	335 169	350 100	396 876	329 089	329 089	350 100	390 808	415 038	439 526

8.23.2. TABLE A7 BUDGETED CASH FLOWS

The table below depicts the projected cashflows emanating from operating activities, investing activities and financing activities and the extent to which these activities contribute to the overall increase in cash held within the organization over the 2015/2016- 2017/18 MTREF.

The budget statement presented is of particular interest to the Organization considering that the entire Organizational Service Delivery mandate is premised on ensuring that sufficient cash resources are maintained by the Organization at all times to meet obligations imposed.

The Cashflow Statement presented clearly defines that the Municipality's revenue inflows are stable, furthermore Division of Revenue Act allocations are transferred in 3 tranches per annum in advance, and as such contributes significantly in providing a stable revenue resource platform from which to settle obligations.

Analysis of the cashflow clearly defines that the organisation's cash holdings are expected to improve significantly from the 2015/2016 financial year, underpinning sound and sustainable service delivery

EC141 Elundini - Table A7 Budgeted Cash Flows

[illegible]

Repayment of borrowing			(137)						-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		416	(137)	(257)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(19 059)	2 272	9 573	41 540	(2 408)	(2 408)	-	22 306	11 621	53 124
Cash/cash equivalents at the year begin:	2	41 020	21 961	24 233	46 412	76 238	76 238		-	22 306	33 927
Cash/cash equivalents at the year end:	2	21 961	24 233	33 806	87 952	73 830	73 830	-	22 306	33 927	87 051

|

8.22.4. TABLE A8 CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION

The underlying purpose of the table is to reflect the predicted cash and investments that are available at the end of a particular budget year and how those funds were used. A surplus would indicate that sufficient cash and investments is available to meet commitments, whilst a shortfall would indicate inadequate cash and investments was available to meet commitments.

EC141 Elundini - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	21 961	24 233	33 806	87 952	73 830	73 830	–	22 306	33 927	87 051
Other current investments > 90 days		0	0	(0)	(0)	(1)	(1)	753	49 128	41 935	(6 713)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		21 961	24 233	33 806	87 952	73 830	73 830	753	71 434	75 863	80 338
<u>Application of cash and investments</u>											
Unspent conditional transfers		–	–	–	–	13 388	13 388	–	19 271	20 466	21 674
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	19 963	25 236	23 006	12 836	(35 346)	(35 346)	–	4 218	3 270	5 967
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		19 963	25 236	23 006	12 836	(21 958)	(21 958)	–	23 490	23 736	27 641
Surplus(shortfall)		1 998	(1 003)	10 800	75 116	95 788	95 788	753	47 944	52 126	52 698

8.22.5. TABLE A9 ASSET MANAGEMENT

The below mentioned table is design to provide a clear guidance to the Organization of the extent to which the investment choice effected/planned, address backlog eradication, versus the replacement of existing assets within the organization, and the extent to which the organization is investing in maintenance programmes aimed at maximizing the useful of the asset.

Notably, the Organization has successfully rehabilitated/ and or replaced the entire Maclear and Ugie Electricity distribution networks over the last three financial years; the focus for the 2015/2016 MTREF is on Roads and Storm water Infrastructure to create the enabling environment to promote economic development within the region.

The Water Service Authority, Joe Gqabi DM, is responsible for direct infrastructural investment within the water services infrastructure in the district, the Local Municipality's investment is critically linked to the Spatial Development Plan that includes all sector investment nodals.

In terms of the analysis presented, it would be clearly defined that the level of funding provided to Repairs and Maintenance related activity is positioned at 3% of net book value of Property Plant and Equipment, as per National Treasury prescripts this level is required to be positioned at 8% of net book value to circumvent under investment in the maintenance of assets, the ELM has been systematically investing in the maintenance of income generating assets as a first order priority given that the majority composition of property plant and equipment constitute gravel access roads, cost of which are funded through external government grants.

Similarly given the legacy of backlogs within the Elundini Local Municipality all available funding has been prioritised towards eradication of backlogs, i.e. new services and no allocations have been made towards existing asset refurbishment; whilst National Treasury advocates for a 40% allocation of Capex towards refurbishment of PPE the ELM has taken a decision to prioritise backlogs and intensify repairs and maintenance activities through increased allocations to ensure maximum economic lifespan of assets.

EC141 Elundini - Table A9 Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	37 421	36 437	-	36 203	55 135	-	67 208	70 105	75 117
Infrastructure - Road transport		27 451	25 558	-	30 404	42 243	-	48 481	51 221	54 062
Infrastructure - Electricity		3 230	3 271	-	650	4 985	-	8 748	9 291	9 839
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	655	-	-	1 050	-	1 070	1 136	1 203
Infrastructure		30 681	29 485	-	31 054	48 278	-	58 299	61 648	65 104
Community		-	346	-	-	1 247	-	1 864	1 975	2 090
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	6 740	6 606	-	5 149	5 610	-	7 045	6 483	7 923
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4									
Infrastructure - Road transport		27 451	25 558	-	30 404	42 243	-	48 481	51 221	54 062

Infrastructure - Electricity		3 230	3 271	–	650	4 985	–	8 748	9 291	9 839
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	655	–	–	1 050	–	1 070	1 136	1 203
Infrastructure		30 681	29 485	–	31 054	48 278	–	58 299	61 648	65 104
Community		–	346	–	–	1 247	–	1 864	1 975	2 090
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		6 740	6 606	–	5 149	5 610	–	7 045	6 483	7 923
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	37 421	36 437	–	36 203	55 135	–	67 208	70 105	75 117
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		131 495	218 745	200 970	259 887	83 209	83 209	267 892	284 501	301 287
Infrastructure - Electricity		58 019	60 507	51 593	83 707	34 213	34 213	59 805	63 513	67 261
Infrastructure - Water						–	–	–	–	–
Infrastructure - Sanitation						–	–	–	–	–
Infrastructure - Other			556	–	556	12 907	12 907	1 070	1 136	1 203
Infrastructure		189 514	279 808	252 563	344 150	130 329	130 329	328 767	349 151	369 751
Community			(4 204)	–	2 555	2 673		8 909	9 461	10 020
Heritage assets										
Investment properties		–	28 094	35 046	38 432	35 606	35 606	35 046	37 219	39 415
Other assets		12 267	30 099	20 944	9 354			18 260	19 393	20 537
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	127	287	347	0	0	287	305	323
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	201 781	333 924	308 841	394 838	168 608	165 935	391 271	415 529	440 046
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		29 863	31 093	30 834	33 787	42 904	42 904	45 736	48 572	51 437
<u>Repairs and Maintenance by Asset Class</u>		–	–	–	10 885	13 367	–	18 575	19 722	20 885
Infrastructure - Road transport		–	–	–	6 830	7 730	–	10 179	11 629	11 448
Infrastructure - Electricity		–	–	–	1 760	1 960	–	1 842	1 951	2 065
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	–	–	940	828	–	883	938	993
Infrastructure		–	–	–	9 530	10 518	–	12 903	14 518	14 506

Community		-	-	-	204	194	-	2 706	2 874	3 044
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	1 151	2 655	-	2 965	2 330	3 335
TOTAL EXPENDITURE OTHER ITEMS		29 863	31 093	30 834	44 672	56 271	42 904	64 311	68 294	72 322
<i>Renewal of Existing Assets as % of total capex</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
<i>Renewal of Existing Assets as % of deprecn"</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
<i>R&M as a % of PPE</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>3.8%</i>	<i>4.3%</i>	<i>0.0%</i>	<i>5.8%</i>	<i>5.8%</i>	<i>5.8%</i>
<i>Renewal and R&M as a % of PPE</i>		<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>3.0%</i>	<i>8.0%</i>	<i>0.0%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>

8.22.6. TABLE A10 BASIC SERVICE DELIVERY MEASUREMENT

The table below denotes the Service delivery measurement as adopted by Council, the importance of this table signifies the impact that the Budget has on Service Delivery, considering the Organization's vested interest in gauging the effectiveness of the investment choices and the extent to which the investment choices have promote access to basic services, the migration of households on a progressive approach to enhanced service level offerings, as well as providing an understanding on what investments are being effected in the provision of alternative service delivery options e.g. Solar Systems.

Similarly, the table also provides Council with an understanding as to how the policy choices made translate into the commitment of resources as part of the overall poverty alleviation programme of Council, from the analysis it would be evident that the Organization has committed R18.4 Million over the 2014/2015- 2016/2017 towards this initiative to an estimated 7000 qualifying households within the Serviced Region.

The Elundini Local Municipality provides a basket of services to households based on the following thresholds:

- Rates R 15 000.00 rebate on rateable valuation imposed per households (all Households);
 - 100% Rebate on Rates to all Registered Indigent households;
- Electricity- a 50kwh allocation to all households earning less than R 2360.00 per month;
 - Eskom rebate structure to all indigents registered within Eskom supplied areas within region- 50 kwh;
 - Provision of a R 34 per month subsidy per household earning less than R 2360 per month (Non-Grid);
- Refuse 100% rebate to all Indigents registered as per the Indigent Support policy;

Table A10 Consolidated basic service delivery measurement

[illegible]

Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		5 930		3 535	3 077	3 077	3 077	3 224 696	3 414 953	3 606 190
Refuse (removed once a week)				2 621	447	447	447	468 456	496 095	523 876
Total cost of FBS provided (minimum social package)		5 930	–	6 156	3 524	3 524	3 524	3 693	3 911	4 130
<u>Highest level of free service provided</u>										
Property rates (R value threshold)		15 000		15 000	15 000	15 000	15 000	15 720	16 647	17 580
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50 000		50 000	50 000	50 000	50 000	52 400	55 492	58 599
Refuse (average litres per week)		40 000		40 000	40 000	40 000	40 000	41 920	44 393	46 879
<u>Revenue cost of free services provided (R'000)</u>	9									
Property rates (R15 000 threshold rebate)		1 390		2 147	411	411	411	430 728	456 141	481 685
Property rates (other exemptions, reductions and rebates)		3 940		561	1 610	1 610	1 610	1 687 280	1 786 830	1 886 892
Water		1 800						–	–	–
Sanitation								–	–	–
Electricity/other energy		695		3 535	3 259	3 259	3 259	3 415 432	3 616 942	3 819 491
Refuse		1 407		2 621	447	447	447	468 456	496 095	523 876
Municipal Housing - rental rebates								–	–	–
Housing - top structure subsidies								–	–	–
Other								–	–	–
Total revenue cost of free services provided (total social package)	6	9 232	–	8 864	5 727	5 727	5 727	6 002	6 356	6 712

8.23. ANNUAL FINANCIAL STATEMENT PROCESS PLAN

The Elundini Local Municipality has developed a comprehensive process plan that tabularises all activities required to be undertaken in the development of Annual Financial Statements in full compliance with Generally Recognised Accounting Practise.

The activities as detailed within the process plan culminate in the development of a comprehensive municipal audit file that is presented annually to the Office of the Auditor General that provides clear and unambiguous workings of all municipal financial information that is disclosed within the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Cashflow Statement, Notes to the Annual Financial Statements.

Critical to the successful compilation of Annual Financial Statements, the Municipality has developed a comprehensive system of internal controls that govern all operations within the Municipality; the detailed control framework is clearly articulated within the organisations policies, systems and process manuals.

Management exercises strict control to ensure that designed control frameworks employed are fully effective; a comprehensive control efficacy framework exists that is fully operationalized to ensure the effectiveness of the control framework employed.

The Municipality likewise has an adequate filing system in place, where sensitive and accounting related documentation are store in compliance with the archiving legislative guidelines that facilitates easy access to source documentation.

8.24. AUDIT REPORTS

Below is the ELM history of audit reports:

- ✓ Disclaimer 2007/2008
- ✓ Qualification 2008/2009 - three qualification items
- ✓ Qualification 2009/2010 - one qualification item
- ✓ Unqualified 2010/2011
- ✓ Unqualified 2011/2012
- ✓ Unqualified 2012/2013
- ✓ Unqualified 2013/2014
- ✓ Unqualified 2014/2015 - one compliance finding

8.25. AUDIT RESPONSE PLAN 2014/2015

It is to be noted that all matters contained in action plan presented have been adequately addressed

COMPONENT C: AUDIT RESPONSE PLAN

ELUNDINI LOCAL MUNICIPALITY

AUDIT ACTION PLAN: 2015

EXCEPTION REF	FINDINGS	RESPONSIBLE PERSON	TIMEFRAME	REMEDIAL ACTION
EX.3	The performance of a section 57 manager with an employee number 1275 was evaluated and scored a total performance score of 117 which meant that the manager was entitled to a 3% bonus per the bonus table as per the performance contract. The employee was, however, incorrectly paid a bonus of 4% per the consultant's report which was approved by the council. This has resulted in an overpayment of R9, 920.72 to the employee. This amount must be recovered from the individual concerned.	MM	30/6/2016	<ul style="list-style-type: none"> • Arrangements have been made with the affected employee and the overpayment is being recovered until 30 June 2016 • There will be a thorough review of reports submitted by consultants to ensure that inaccuracies are dealt with.
EX.31	<p>A sample of suppliers did not declare that their employees have an interest in their companies. In addition the declarations of interest from the said employees were not submitted for audit to confirm if they have interest in the respective suppliers.</p> <p>A sample of suppliers did not declare that their employees were employed by the state.</p>	CFO	<p>Annually</p> <p>30/11/2015</p>	<ul style="list-style-type: none"> • Annually service providers will be asked to update their details, including MBD forms, where suppliers disclose their interest. • Suppliers whose have been found to have links with the service of the state have been discontinued, and will continue to do so on all newly identified suppliers.

EX.34	The municipality did not obtain at least three written quotations before awarding contract number ELM-3/035/2014-2015 and a reason for the deviation was not provided as required by the Regulation.	CFO	09/04/2015	Deviations forms are completed whenever less than three quotes have been obtained for amounts in excess of R 2000.
EX.12	An invoice for Eskom was not paid within the due date and interest was charged on the late payment.	CFO	30/09/2015	All invoices are paid within 30 days from the date of receipt to avoid incurrence of interest.
EX.9	The accounting policies on property, plant & equipment, investment property, inventory, provision for task implementation, and changes in accounting policies, errors & estimates were not consistent with the prior year.	CFO	Annually by 31 July	Management will review financial statements annually prior to submission for compliance with applicable laws and regulations
EX.25	Some contingent liabilities could not be confirmed by attorney's confirmations as a result we were unable to confirm the existence and completeness through other means.	CFO	Annually by 30 June	All contingent liability figures to be accompanied by supporting documentation
EX.33	The municipality did not notify the Auditor-General, the relevant provincial treasury and the National Treasury of the reasons for deviating from recommendation made by the BAC and BEC committee relating to the tender for Development and Implementation of a Revenue enhancement and Debt reduction Programme.	CFO	For each award	Auditor General, National and Provincial Treasuries will be notified on each and every award that is not recommended through the normal SCM processes
EX.58	A difference was noted between the prior year AFS amount and the current year AFS amount for material losses.	CFO	Annually by 31 July	All prior year figures will be reviewed for any changes

EX.41	The amount in respect of the contract for Network Upgrade Maclear (Clearview and Cesnock) per the commitment register does not agree to the adjusted contract amount.	CFO	Monthly	The commitment register will be reviewed by SCM Manager and CFO
EX.1	While performing the audit it came to our attention that the municipality's Uniclox clocking system does not generate exception reports. The municipality relies on time reports generated by system which are manually reviewed by personnel practitioner on the date she notices inconsistency on the data (clocking details). Furthermore there is lack of segregation of duties as the personnel practitioner is performing incompatible functions as she is responsible for capturing all the time reports on Payroll, reconciling and reviewing of the reports for Ugie, Maclear and Mount Fletcher.	CSM	30/06/2016	Uniclox will be upgraded to issue out exception reports Segregation of the duties will be reviewed in due course.
EX.14	Some employees were paid overtime during the current year which accrued to them in the previous financial year.	CSM	May 2016	Employees and line managers will be informed to submit their overtime claims timeously.
EX.15	There were discrepancies on the overtime paid to some employees, based on the hours as per the approved application to work overtime and the rate per employee.	CSM	May 2016	Checks and balance will be put in place so that reconciliation of overtime can be done prior to payments are made (Segregation of duties).
EX.19	Some employees went on leave before it was approved.	CSM	Continuous	Leave management to be made a standing item on information sharing sessions and management meetings so that employees are made fully aware of the importance thereof.
EX.21	Some employees have rental agreements but there is no evidence of them paying rent to the municipality as per lease agreement.	CFO	Monthly	Manager Assets will review that rentals have been correctly billed

EX.23	A councillor's arrear consumer account was incorrectly disclosed in the annual financial statements as zero.	CFO	Annually by 31 July	Management will review financial statements for any errors
EX.24	During the year under review the municipality did not conduct midyear or second quarter performance assessments for assistant managers as required by the municipality's performance management policy.	CSM	June 2016	Automated Performance Management System will be introduced by June 2016.
EX.47	Leave provision at year end was incorrectly calculated for some employees.	CSM	Continuous	Leave Management will be made a standing item whenever there are engagements will labour and in the management meetings.
EX.2	<p>1. The Municipality does not have formal backup and data retention strategies in place (IT Service continuity controls) to ensure the availability and recoverability of financial systems in instances of data loss or a disaster.</p> <p>2. There were weaknesses identified regarding the management of backups at the municipality as there was no evidence in place to verify that backups were kept safely at an offsite location</p>	CSM	<p>Feb 2016</p> <p>April 2016</p>	<p>Backup policy and Disaster Recovery Plan are in place.</p> <ul style="list-style-type: none"> • Sebata financial system is doing its own backup and it will be engaged so that the municipality is able to obtain their back-up logs; • A site for offsite backup has been identified and will be established.
EX.32	<p>Some contracts were not properly and timeously monitored by the municipality which resulted in the extension of the duration of the contract and others even the amount was increased.</p> <p>These contracts were incomplete at year end.</p>	CFO	Monthly	The SCM Manager and CFO will review the progress on the implementation of contracts
EX.49	<p>The following findings were identified during the review of the contract register of the municipality to date:</p> <p>1. No reviews are performed on the contract register to determine the extent of accuracy and completeness of information captured on the register, as the</p>	CFO	Monthly	The SCM Manager and CFO will review the contract register for accuracy and

	register is in excel and it contains lots of errors, including tenders a tender that was advertised before specification date, a tender that was advertised after the closing date, and some tenders that didn't have various action dates.			completeness
EX.50	<p>The following findings were identified during the review of the contract register for quotations for R30 000 and above of the municipality to date:</p> <p>1. 1. Proper reviews and monitoring are not performed on the contract register to determine the extent of accuracy and completeness of information captured on the register, as the register is in excel and it contains lots of errors and gaps (as detailed in point 2 below).</p> <p>2. 2. The following errors were identified:</p> <p>(i) Contract date signed- The date that the contract or SLA was signed is not included on the register</p> <p>(ii) Award date – The award date of the service or contract is not included on the Register</p> <p>(iii) Register is not complete – The deviations (date of advert and date of tender closed) these are blank on the register</p> <p>(iv) The project start and project end date are hidden on the register and are not completed to allow the municipality to perform monitoring of the quotations and assess the status of the quotations or awards issued.</p> <p>(v) Two further contracts had illegible dates on the award letter.</p>	CFO	Monthly	The SCM Manager and CFO will review the contract register for accuracy and completeness
EX.51	<p>While performing the record management assessment the following internal control deficiencies were noted:</p> <ul style="list-style-type: none"> • Management action plan submitted was incomplete • SCM contract registers were not reviewed for accuracy and completeness • PY finding not addressed. Completed projects included in the commitment register. • Irregular expenditure increased from R 41 249 in 2013/14 period to R 187 931.52 in the current period. • Fruitless and wasteful expenditure increased from R 90 207 for the 2013/14 to R 109 739.81 in the current financial 	CFO	Monthly	Preventative measures will be instituted to avoid incurrence of irregular and fruitless & wasteful expenditure.
EX.18	Section 5.7.1 of the Municipal SCM guide for AOs issued by National Treasury states that, if the assignment includes an important component for training or transfer of knowledge and skills, the Terms of Reference (TOR) should indicate the objectives, nature, scope and goals of the training programme, including details of trainers and trainees, skills to be transferred, time frames and monitoring and evaluation arrangements. The cost for the training programme	CFO	On each award with training	The objectives, nature, scope and goals of the training programme, including details of trainers and trainees, skills to be transferred,

	<p>should be included in the consultant's contract and in the budget for the assignment.</p> <p>The following internal control deficiencies relating to the appointment of consultants:</p> <ol style="list-style-type: none"> 1. Measures to monitor the transfer of skills were not implemented between Mubesko and Elundini Municipality 2. There was no evidence submitted which outlines the employee that have been identified for training or were available to attend the training programme for the services rendered by Mubesko. 3. There was no formal evidence that skills have been transferred by Mubesko to employees of Elundini Municipality. 			time frames and monitoring and evaluation arrangements will be included in the terms of reference on all contracts that require training
EX.26	Infrastructure assets could not be verified on the GIS system as a result alternative measures were implemented, because the system was upgraded during the year under review and all assets were not integrated into the upgraded version. This resulted in the GIS system not being complete.	SPED	June 2016	Strategic planning will lead a process which will ensure that GIS functions relating to assets and its evaluation is gradually transferred to Finance so that it can be properly integrated and updated.
EX.28	Input VAT was incorrectly claimed by the Municipality for work in progress additions for the Mount Fletcher Craft Centre as one of the requirements listed above was not met for some invoices.	CFO	28/02/2016	VAT training for all affected employees has been scheduled for the month of February 2016.
Ex.6	<p>The following deficiencies were noted during the physical stock count that was held at 30 June 2015:</p> <ol style="list-style-type: none"> 1. The stock count instruction did not include the names of the employee(s) who are responsible for supervising the count (counters and supervisors). 2. Some items were selected from the floor and traced to the stock sheet and to the system and were not recorded or were recorded at the incorrect quantities. 	CFO	28/02/2016	An inventory and assets maintenance manuals closing all the gaps will be compiled and circulated to Assets Section staff for implementation. Regular reviews will be conducted.
EX.5	Movable assets disclosed in the annual financial statements have been overstated as motor vehicles disposals were disclosed at zero whereas on the fixed asset register the same vehicles were recorded as being disposed with	CFO	Annually by 31 July	Financial statements will be reviewed for errors

	values.			
EX.56	During the audit of property, plant and equipment, noted that the municipality did not perform monthly reconciliations between the fixed asset register and the general ledger for the financial year ended 30 June 2015.	CFO	31/12/2015	An asset management system has been acquired and is being implemented to enable monthly reviews to be carried out
EX.57	During the audit of property, plant and equipment, it was noted that the municipality did not perform monthly reconciliations between the fixed asset register and the general ledger for the financial year ended 30 June 2015.	CFO	31/12/2015	An asset management system has been acquired and is being implemented to enable monthly recons to be carried out
EX.22	Some Construction contracts were not registered within 21 days on the CIDB Website.	CFO	30/09/2015	One of the SCM practitioners has been assigned with a username and password for accessing CIDB website. Adverts are being placed on this website 3 days before the newspaper advert so that they coincide on display.
EX.46	Some payment vouchers were not paid within the prescribed time which is within 30 days after the invoice was received by the municipality:	CFO	30/09/2015	All invoices eligible for payment are paid within 30 days from the date of receipt.
EX.52	The following weakness was identified while auditing the payment request number 15028180 for Kantera Trading Enterprise dated 29/11/2014 for an amount of R194, 800.00: > No paid stamp which shows the date the payment has been effected and therefore it cannot be easily determined if the payment was made at the required	CFO	30/09/2015	All invoices eligible for payment are paid within 30 days from the date of receipt.

EX.7	An amount of R57 781.14 has not been reconciled to the correct receivable accounts at year end, therefore resulting in a "unknown deposits" balance of R109 571 at year end.				CFO	31/12/2015	Unknown deposits are being followed up and cleared on a monthly basis. The bank is consulted to provide depositor's details. Only when the bank does not have details of the depositor that an amount will be posted into "unknown deposits".
EX.17	<p>The following inconsistencies were identified:</p> <p>1. 1. KPA 2: Basic Services</p> <p>The strategic objectives were different between the IDP, SDBIP and APR as per the table below:</p> <p>2. 2. KPA4: Municipal Financial Viability and Management</p> <p>There were two planned strategic objective as per the IPD and SDBIP and three reported objectives as per the APR, refer to the table below:</p>				SPED	Quarterly	Continuous monitoring and APR alignment is in place
EX.35	No audit evidence was submitted for the following indicators:						
	INFRASTRUCTURE PLANNING AND DEVELOPMENT				IPD		
	No	Indicator number	Indicator	Actual reported			
	1	Indicator number 2.1.8	Km's roads resurfaced (chip and spray – new venture	0		Quarterly	Target will be re-planned for the next financial year when budget is available. Evidence will then be presented into Poe file
	2	Indicator number 2.1.7	Km's roads re-gravelled, patch gravelled or constructed per annum utilising Construction Plant with SLA Funding	9.2		Quarterly	Evidence will be stated correctly in the file

	3	Indicator number 2.1.2		Number of households electrified (2014/2015)		100%		Quarterly	Evidence will be stated in numbers in the POE file
EX.36	The following indicators did not have sufficient audit evidence submitted:								
	Various Infrastructure and Development Planning indicators						IPD	quarterly	Required evidence will be provided as indicated in the evidence framework.
	A Budget & Treasury Office indicator						CFO	31 August 2015	On a monthly basis lists of indigent beneficiaries are attached to the summary report and reviewed by CFO
	Various Infrastructure and Development Planning indicators							quarterly	Required evidence will be provided as indicated in the evidence framework.
	Various Community Services indicators						MM	30/6/2016	A Community Services Manager will be appointed to be in charge of the departmental SDBIP
EX.39	The following planned targets and the actual reported achieved targets are not consistently reported. The reported targets cannot be measured against the planned targets:								
	No	Department	Indicator	Planned target	Reported target	Comment			
	2.2.1	Institutional	Land fill sites, [Development of the Integrated Waste Management Plan]	1	Service provider appointed	Reported information is not talking to the planned target , we cannot Measure	CMSM	31/12/2015	The IWMP has since been developed and submitted for Council approval

	2.1.2	IDP	Number of households electrified (2014/2015)	1000 (289)	100%	In the APR it says not all were completed yet 100% is reported	IPD	Quarterly	Target will be re-planned for the next financial year when budget is available. Evidence will then be presented into POE file
	2.1.12	IDP	Maintenance (Pressure Jetting) of existing storm water facilities	4km	4955.46m	Target is planned in KMs but it is reported in meters	IPD	Quarterly	Target will be re-planned for the next financial year when budget is available. Evidence will then be presented into POE file
EX.40	The following targets were incorrectly reported in the Annual Performance Report:						IPD		
	No	Department	Indicator	Reported target	Audited target	Comment		Quarterly	
	2.1.9	IDP	Km's DR Gravel Roads AC Gravel Roads maintained through maintenance blading	305.57	333.87	Casted the quarterly achievements targets incorrectly			
	2.1.3	IDP	% electricity of distribution losses	TA	TN	APR documented as Target achieved whereas it was not achieved			
EX.42	The following indicators did not have sufficient audit evidence submitted:								
	No	Department	Indicator	Actual reported	Comment		CFO	Quarterly	Sufficient audit

	1	Institutional SDBIP	4.1.1: Cost Coverage in months	1	Information submitted could not be traced to the AFS or any supporting documentation , only received formula and unknown amounts for the indicator therefore we could not confirm Validity, Accuracy and Completeness of the indicator			evidence will be submitted
	2	Institutional SDBIP	4.1.2: Outstanding service debtors to service income ratio (Total outstanding service debtors / annual revenue collected for services)	116%	Information submitted could not be traced to the AFS or any supporting documentation , only received formula and unknown amounts for the indicator therefore we could not confirm Validity, Accuracy and Completeness of the indicator			
	3	Institutional SDBIP	4.1.3: Debt coverage (Total operating revenue received less operating grants/ debt service payments (interest and	623 times	Information submitted could not be traced to the AFS or any supporting documentation , only received formula and unknown amounts for the indicator therefore we could not confirm Validity, Accuracy and Completeness of the indicator			

			redemption) due within a financial year					
	4	IDP	4.2.2: % expenditure on all infrastructure grants (INEP&MIG)	99% MIG 100% INEP	Only received 1 expenditure report relating to MIG expenditure and nothing was received on INEP expenditure therefore we could not confirm Validity, Accuracy and completeness of the indicator			
	5	BTO	4.2.7: % Collection Rate	79%	Information submitted could not be traced to the AFS or any supporting documentation , only received formula and unknown amounts for the indicator therefore we could not confirm Validity, Accuracy and Completeness of the indicator			
	6	BTO	4.1.1: Percentage of the approved cost strategy implemented.	60%	Only 2013 cost containment strategy compiled by Sheldon William Goodall was submitted for this indicator but there is no calculation to substantiate the 60% achieve therefore we not could not confirm accuracy.			
	7	BTO	4.2.6: Net debtors	509 days	Information submitted could not be traced to the			

					AFS or any supporting documentation , only received formula and unknown amounts for the indicator therefore we could not confirm Validity, Accuracy and Completeness of the indicator			
EX.45	The planned targets per the SDBIP and APR were not achieved and there were no documented explanations or reasons for the non-achievement on the APR. 1. KPA 2: Basic Service: Infrastructure, Planning and Development 2. KPA 4: Financial Viability Infrastructure, Planning and Development					IPD	Quarterly	Valid reasons and explanations will be documented
EX.37	Debtors with overdue accounts did not have their services discontinued or handed over for collection. The following debtors were identified:					CFO	Monthly	The process followed will be clearly documented
	No	Debtor name	Outstanding amount	Account no				
	1	CHAMPION CHICKEN	25 596.90	S05903				
	2	MACLEAR HIGH SCHOOL (SWIMMING POOL)	12 957.66	500559				
	3	BONGANI PRE- SCHOOL	12 510.91	S01111				
	4	GHU	25 317.19	S01555				
	5	MANGISA	34 492.47	2533				
EX.38	The latest municipal account was not attached to the application form for the following debtors:					CFO	Monthly	Municipal accounts will be attached
	No		Account no	Debtor name				

	1		S02975	M Sirwayi			
	2		S00048	NJ Madini			
	3		S00052	M Dyantyi			
	4		S00055	MG Khaile			
	5		S05771	PP Xhego			
	6		S05773	N Qantsi			
	7	CFO	S00065	N Nombula			
	8		S00071	M Njani			
	9		S05776	NP Likhalo			
	10		S00085	Z Cimela			
EX.43	<p>The municipality did not prepare a supplementary valuation roll for the 2014/15 financial year and the valuation roll was not updated.</p> <p>The Municipal Property rates act 6 of 2004 changed and amendments was only affected in December 2014.</p> <p>This amounts to non-compliance with the Municipal Property rates act 6 of 2004.</p>				SPED	31/01/2016	Strategic planning will lead a planning process working with Finance and a 3 year appointed valuer to ensure that supplementary valuation roll is done on time.
EX.55	Interest as per the bank confirmations do not agree to the interest disclosed in the annual financial statements.				CFO	30/06/2016	The municipality will also send its own confirmations and ensure that confirmations reconciled to reported figures